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CITY OF LEESVILLE

LEESVILLE, LOUISIANA

JUNE 30, 1999

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Release Date 1-26-2000

CITY OF LEESVILLE, LOUISIANA

JUNE 30, 1999

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

We have audited the accompanying primary government financial statements and the combining, individual fund, and account group financial statements of the City of Leesville, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Leesville, Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully explained in Note 1, the financial statements of the General Fixed Assets Account Group include only assets acquired subsequent to 1971. Records of general fixed assets acquired prior to 1972 were not maintained. Generally accepted accounting principles require the recording of fixed assets at cost, or estimated historical cost, if cost records are not available.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary due to the matter discussed in the previous paragraph, the primary government financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the primary government of the City of Leesville, Louisiana, as of June 30, 1999, and

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The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary due to the matter discussed in the previous paragraph, the combining, individual fund, and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Leesville, Louisiana, as of June 30, 1999, the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of the component units of the City of Leesville, Louisiana, do not purport to, and do not, present fairly the financial position of the City of Leesville, Louisiana, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report, dated December 16, 1999, on our consideration of the internal control over financial reporting of the City of Leesville, Louisiana, and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The year 2000 supplementary information on page 83 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of Leesville, Louisiana is or will become year 2000 compliant, that the City of Leesville, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with whom the City of Leesville does business are or will become year 2000 compliant.



PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

Our audit was conducted for the purpose of forming an opinion on the primary government financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying financial information listed as additional information in the table of contents, including the schedule of expenditures of federal awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Leesville, Louisiana. Such information, except for the listing of insurance in force marked "unaudited," has been subjected to the auditing procedures applied in the audit of the primary government, combining, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups of the primary government taken as a whole.

Payne Moore & Herrington, LLP
Certified Public Accountants

December 16, 1999

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

The Primary Government Financial Statements, which include all funds and account groups of the City that are not legally separate, are designed to provide an overview of the financial position and results of operations for the primary government as a whole. Information in the form of combining, individual fund, and account group statements and schedules is included elsewhere in this report.

CITY OF LEESVILLE, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

EXHIBIT A

PRIMARY GOVERNMENTS

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES			ACCOUNT GROUPS		TOTAL MEMORANDUM ONLY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ASSETS AND OTHER DEBITS									
ASSETS									
Cash	\$ 17,085	\$ 226,238	\$ 327,538	\$ 35,152	\$ 176,645	\$ 155,705	\$	\$	\$ 938,363
Investments			357,891						357,891
Receivables (Net of allowance)	145,716	40,356	1,947	332,943	197,578	4,979			723,519
Due from other funds	90,764	95,000	10,516	43,511	362,389				602,180
Inventories	42,726								42,726
Restricted assets					360,787				360,787
Fixed assets (Net, where applicable, of accumulated depreciation)					12,784,429		24,699,543		37,483,972
Other assets					63,776	2,680			66,456
OTHER DEBITS									
Amount available in debt service funds								697,892	697,892
Amount to be provided for retirement of general long-term debt								3,111,721	3,111,721
TOTAL ASSETS AND OTHER DEBITS	\$ 296,291	\$ 361,594	\$ 697,892	\$ 411,606	\$ 13,945,504	\$ 163,364	\$ 24,699,543	\$ 3,809,613	\$ 44,385,507
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES									
Cash overdraft	\$ 66,807	\$	\$	\$ 114,639	\$	\$	\$	\$	\$ 181,446
Accounts and contracts payable	44,415	22,342		466,537	21,978				555,272
Other current liabilities and accrued expenses	598				71,169	77,166			149,033
Due to other funds	82,393	59,361			481,823				623,577
Customers' deposits					166,594				166,594
Deferred revenues		6,868		29,953				188,292	36,821
Compensated absences					13,149			68,581	201,441
Capitalized leases					56,518			527,740	125,099
Notes payable								580,000	527,740
General obligation bonds					4,130,000			1,975,000	4,710,000
Revenue bonds					623,597			470,000	2,598,597
Certificates of indebtedness					1,110,000				1,580,000
	194,313	88,571	0	511,129	6,674,828	77,166	0	3,809,613	11,455,620
EQUITY AND OTHER CREDITS									
Investment in general fixed assets							24,699,543		24,699,543
Contributed capital									6,325,276
Retained earnings									146,429
Reserved									885,269
Unreserved									706,140
Fund balances									167,230
Reserved		8,248	697,892						32,929,887
Unreserved - Undesignated	101,978	264,775		(199,523)					
Total Equity and Other Credits	101,978	273,023	697,892	(199,523)	7,270,776	86,198	24,699,543	0	
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 296,291	\$ 361,594	\$ 697,892	\$ 411,606	\$ 13,945,504	\$ 163,364	\$ 24,699,543	\$ 3,809,613	\$ 44,385,507

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (ACCUMULATED DEFICITS)
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1999

EXHIBIT B

	PRIMARY GOVERNMENTS					TOTAL MEMORANDUM ONLY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		
REVENUES						
Taxes	\$ 457,531	\$ 1,549,820	\$ 161,781	\$	\$	2,169,132
Licenses and permits	321,121					321,121
Charges for services	46,608	438,018				484,626
Intergovernmental	307,317	70,994		1,152,397		1,530,708
Fines and forfeitures	142,524					142,524
Interest	120	4,648	20,244	273		25,285
Other	127,202	1,506				128,708
Total Revenues	<u>1,402,423</u>	<u>2,064,986</u>	<u>182,025</u>	<u>1,152,670</u>		<u>4,802,104</u>
EXPENDITURES						
Current						
General government	421,988	85,215				507,210
Public safety	1,103,798	729,937		7		1,833,735
Public works	389,797					389,797
Economic development	76,056					76,056
Culture and recreation		214,150				214,150
Debt service						
Principal	89,539		405,000			494,539
Interest and fiscal charges	47,030		191,667			238,697
Capital outlay	20,094	51,593		1,397,196		1,468,883
Total Expenditures	<u>2,148,302</u>	<u>1,080,895</u>	<u>596,667</u>	<u>1,397,203</u>		<u>5,223,067</u>
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(745,879)	984,091	(414,642)	(244,533)		(420,963)
OTHER FINANCING SOURCES(USES)						
Operating transfers in	950,000	5,043	490,100	196,184		1,641,327
Operating transfer (out)	(102,143)	(1,029,184)				(1,131,327)
Total Other Financing Sources(Uses)	<u>847,857</u>	<u>(1,024,141)</u>	<u>490,100</u>	<u>196,184</u>		<u>510,000</u>
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	101,978	(40,050)	75,458	(48,349)		89,037
FUND BALANCES (ACCUMULATED DEFICITS), BEGINNING OF YEAR	0	313,073	622,434	(151,174)		784,333
FUND BALANCES (ACCUMULATED DEFICITS), END OF YEAR	<u>\$ 101,978</u>	<u>\$ 273,023</u>	<u>\$ 697,892</u>	<u>\$ (199,523)</u>		<u>\$ 873,370</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 1999

EXHIBIT C

	PRIMARY GOVERNMENTS					
	GENERAL FUND		SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
	VARIANCE FAVORABLE (UNFAVORABLE)		VARIANCE FAVORABLE (UNFAVORABLE)		VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES						
Taxes	\$ 447,055	\$ 457,531	\$ 1,525,000	\$ 1,549,820	\$ 166,000	\$ 161,781
Licenses and permits	298,850	321,121		24,820		(4,219)
Charges for services	51,550	46,608	374,430	438,018	63,588	
Intergovernmental	201,280	307,317	21,715	70,994	49,279	
Fines and forfeitures	140,850	142,524				
Interest	100	120	10,255	4,648	19,020	20,244
Other	127,380	127,202	4,465	1,506		1,224
Total Revenues	1,267,065	1,402,423	1,935,865	2,064,986	185,020	182,025
				129,121		(2,995)
EXPENDITURES						
Current						
General government	533,855	421,988	85,545	85,215	330	
Public safety	964,040	1,103,798	665,000	729,937	(64,937)	
Public works	352,875	389,797				
Economic development	75,450	76,056				
Culture and recreation			205,255	214,150		(8,895)
Debt service						
Principal	87,307	89,539			400,000	405,000
Interest and fiscal charges	45,858	47,030			195,270	191,667
Capital outlay	16,305	20,094	45,115	51,593		
Total Expenditures	2,085,690	2,148,302	1,000,915	1,080,895	595,270	596,667
				(79,980)		(1,397)
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(818,625)	(745,879)	934,950	984,091	(410,250)	(414,642)
OTHER FINANCING SOURCES(USES)						
Operating transfers in	950,000	950,000	5,045	5,043	428,000	490,100
Operating transfers (out)	(97,100)	(102,143)	(1,037,825)	(1,029,184)		
Total Other Financing Sources(Uses)	852,900	847,857	(1,032,780)	(1,024,141)	428,000	490,100
				8,639		62,100
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	34,275	101,978	(97,830)	(40,050)	17,750	75,458
FUND BALANCES, BEGINNING OF YEAR	0	0	313,073	313,073	622,434	622,434
FUND BALANCES, END OF YEAR	\$ 34,275	\$ 101,978	\$ 215,243	\$ 273,023	\$ 640,184	\$ 697,892
				57,780		57,708
				0		0
				67,703		57,708

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 1999

EXHIBIT D

	PRIMARY GOVERNMENT'S		
	ENTERPRISE	INTERNAL SERVICE	TOTAL MEMORANDUM ONLY
OPERATING REVENUES			
Charges for services	\$ 1,560,878	\$ 337,290	\$ 1,898,168
Other		16,752	16,752
Total Operating Revenues	1,560,878	354,042	1,914,920
OPERATING EXPENSES			
Salaries and fringe benefits	307,444		307,444
Repairs and maintenance	61,196		61,196
Depreciation	489,604		489,604
Other operating expenses	398,572	26,300	424,872
Claims paid		322,051	322,051
Insurance premiums		61,569	61,569
Total Operating Expenses	1,256,816	409,920	1,666,736
OPERATING INCOME (LOSS)	304,062	(55,878)	248,184
NONOPERATING REVENUES(EXPENSES)			
Ad valorem taxes	318,879		318,879
Interest revenue	5,729		5,729
Interest expense and fiscal charges	(247,295)		(247,295)
Total Nonoperating Revenues(Expenses)	77,313	0	77,313
INCOME (LOSS) BEFORE OPERATING TRANSFERS	381,375	(55,878)	325,497
OPERATING TRANSFERS (OUT)	(450,000)		(450,000)
NET INCOME(LOSS)	(68,625)	(55,878)	(124,503)
RETAINED EARNINGS, BEGINNING OF YEAR	1,014,125	142,076	1,156,201
RETAINED EARNINGS, END OF YEAR	\$ 945,500	\$ 86,198	\$ 1,031,698

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 1999

EXHIBIT E

	PRIMARY GOVERNMENTS		
	ENTERPRISE	INTERNAL SERVICE	TOTAL MEMORANDUM ONLY
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 304,060	\$ (55,878)	\$ 248,182
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>			
Depreciation	489,604		489,604
Provision for doubtful accounts	28,156		28,156
Changes in assets and liabilities			
Accounts receivable	26,749	(3,056)	23,693
Due from other funds	121,992		121,992
Accounts payable	(7,728)	59,041	51,313
Other current liabilities	(784)		(784)
Accrued expenses	(2,047)		(2,047)
Due to other funds	17,503		17,503
Customers' deposits	(11,091)		(11,091)
Net Cash Provided (Used) by Operating Activities	966,414	107	966,521
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers out	(450,000)	0	(450,000)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Proceeds of capitalized lease	11,076		11,076
Ad valorem taxes	318,048		318,048
Contributions in aid of construction	952,827		952,827
Acquisition and construction of property, plant, and equipment	(980,825)		(980,825)
Payments of revenue bonds and other indebtedness	(517,178)		(517,178)
Interest paid on long-term debt	(218,183)		(218,183)
Net Cash Used by Capital Financing Activities	(434,235)	0	(434,235)
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption (purchase) of investments	114,978		114,978
Interest received	6,879		6,879
Net Cash Provided by Investing Activities	121,857	0	121,857
INCREASE IN CASH	204,036	107	204,143
CASH, BEGINNING OF YEAR	311,999	155,598	467,597
CASH, END OF YEAR	\$ 516,035	\$ 155,705	\$ 671,740
CLASSIFIED AS			
Current assets	\$ 176,645	\$ 155,705	332,350
Restricted assets	339,390		339,390
TOTALS	\$ 516,035	\$ 155,705	\$ 671,740

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

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CITY OF LEESVILLE

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JUNE 30, 1999**

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**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Leesville, Louisiana (the "City") was incorporated by proclamation of the governor on February 15, 1900. The City operates under a council - administrator form of government.

The financial statements of the City of Leesville, Louisiana, (the primary government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City of Leesville is a municipal corporation governed by an elected seven-member board. The accompanying financial statements present only the data of the primary government.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. These financial statements do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

B. Individual Component Units Not Included in this Report

The City has two component units which are legally separate from the City. The City Marshal and the City Judge are elected by the voters of the City of Leesville. This report does not include these component units.

1. The Leesville City Marshal is responsible for enforcing judgments of city court, maintaining order within the city court, and collection of city court fines.
2. The Leesville City Court is responsible for hearing court cases involving violations of city laws and ordinances and for rendering judgments thereon.

Complete financial statements for each of the two component units can be obtained from their respective administrative offices.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

Administrative Offices:

Leesville City Marshal
P.O. Box 1486
Leesville, Louisiana

Leesville City Court
P.O. Box 1486
Leesville, Louisiana

C. Related Organization

The Leesville Housing Authority: The Authority is accountable to the City since the City Council appoints the Authority's board members. However, since the City does not have the ability to impose its will on the Authority and no financial benefit/burden relationship exists, the City is not considered financially accountable for the Authority. Accordingly, the Authority is not considered part of the City for financial reporting purposes.

D. Fund Accounting

The City uses funds and account groups to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

**CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

The General Fixed Asset Account Group is used to account for fixed assets other than those used in the proprietary funds.

The General Long - Term Debt Account Group is used to account for long - term debt not accounted for in other funds.

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund – type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long - term debts are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because *generally they are not measurable until received in cash.*

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City may report deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP which is also consistent with state law. Annual appropriated budgets are adopted for General, Special Revenue, and Debt Service Funds. All annual appropriations lapse at the end of the fiscal year. Budgets for capital projects are adopted on a project - length basis. Because these non-operating budgets primarily serve as a management control function, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided in this document. Budgets established for proprietary funds are management budgets and as such are not required to be reported in this document.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator prepares a proposed budget and submits it to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgets are controlled at the fund level. Budgetary amendments involving the transfers of funds from one fund or project to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the City Council. Budgeted amounts shown in the financial statements are as originally adopted or as amended from time to time by the Council.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

G. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

H. Cash and Investments

Management considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Investments, which consist of certificates of deposit, are stated at cost, which approximates market value.

I. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

J. Inventories

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the General Fund as assets when purchased and recorded as expenditures or expenses when consumed. Inventory items consumed by other funds are recorded through the interfund receivable/payable accounts.

K. Restricted Assets

Certain proprietary fund assets are classified as restricted assets because their use is limited by applicable bond covenants or by Council action. Various "debt service accounts" segregate resources accumulated for debt service payments of bonds and certificates of indebtedness. "Capital additions and contingencies accounts" are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacement for the water system. These resources may also be used for debt service if funds are not otherwise available. "Construction accounts" are used to report funds received from loan proceeds that are to be used for construction.

L. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. The City has elected to capitalize public

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

domain ("infrastructures") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. Fixed assets acquired after 1971 are valued at historical cost if purchased or at market value on the date of donation if donated to the City. The cost of fixed assets acquired prior to 1972 is not recorded and is not included in general fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary funds is computed using the straight-line method over the estimated useful life.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

M. Bond Issuance Costs

In governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond issuance costs are recorded as deferred charges.

N. Compensated Absences

Accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. Accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

**CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Q. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

R. Retained Earnings - Reserved

Retained earnings - reserved, as reported on the combined balance sheet, represents certain restricted assets accumulated in accordance with the outstanding bond indentures which are in excess of related current liabilities payable from restricted assets or which are restricted for construction.

S. Supplemental Wages

Certain employees of the police and fire departments receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General and Sales Tax Special Revenue Funds.

T. Memorandum Only - Total Columns

Total columns on the primary government financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

U. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Under state law, the City may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in United States bonds, treasury notes, time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment.

At June 30, 1999, the City had cash and investments as follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Cash (demand deposits)	\$ 938,363	\$ 339,390	\$ 1,277,753
Cash overdraft (demand deposits)	(181,446)		(181,446)
Investments			
Certificates of deposit	357,891		357,891
	\$ 1,114,808	\$ 339,390	\$ 1,454,198

At year end, the carrying amounts of the City's deposits (demand deposits and certificates of deposit) were \$1,454,198, and bank balances were \$1,550,313. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 303,897
Uncollateralized (In accordance with GAAP - See below)	1,246,416
	\$ 1,550,313

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

The uncollateralized amount shown above is secured by pledged securities with a market value of

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

\$1,848,632 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

Receivables at June 30, 1999, consist of the following:

	<u>GOVERNMENTAL FUND TYPES</u>	<u>PROPRIETARY FUND TYPES</u>	<u>TOTALS</u>
Accounts			
Uncollected cycle billings	\$	\$ 140,106	\$ 140,106
Estimated billings between cycles		69,490	69,490
Other	1,159	4,979	6,138
Taxes			
Franchise taxes	89,415		89,415
Intergovernmental			
Federal	305,326		305,326
State	82,759		82,759
Local	40,356		40,356
Interest	<u>1,947</u>		<u>1,947</u>
Gross receivable	520,962	214,575	735,537
Allowance for uncollectible	<u>0</u>	<u>(12,018)</u>	<u>(12,018)</u>
Net receivable	\$ 520,962	\$ 202,557	\$ 723,519

Receivables arising from utility services provided to customers consist of uncollected billings rendered customers on monthly cycle billings and estimated services provided customers between billing cycles. The allowance for uncollectible accounts of \$12,018 represents the projected uncollectible accounts at June 30, 1999.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

4. DUE FROM/TO OTHER FUNDS

Amounts due from and to other funds at June 30, 1999, consist of the following:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
<i>General Fund</i>		
Sales Tax Fund	\$ 14,843	\$
E 911 Communications District Fund	1,007	
Water System Enterprise Fund	74,914	
Water System Bonds Debt Service Fund		10,516
Sewer System Enterprise Fund		
Current		50,480
General obligation bond debt service accounts		21,397
<i>Special Revenue Funds</i>		
Sales Tax Fund		
Water System Enterprise Fund	95,000	
General Fund		14,843
Economic Development Fund		
LCDBG Capital Project Fund		43,511
E 911 Communications District Fund		
General Fund		1,007
<i>Debt Service Funds</i>		
Water System Bonds Fund		
General Fund	10,516	
<i>Capital Project Funds</i>		
LCDBG Capital Project Fund		
Economic Development Special Revenue Fund	43,511	
<i>Enterprise Funds</i>		
Sewer System Enterprise Fund		
General Fund	50,480	
Water System Enterprise Fund	311,909	
Water System Enterprise Fund		
General Fund		74,914
Sales Tax Fund		95,000
Sewer System Enterprise Fund		<u>311,909</u>
	<u>602,180</u>	<u>623,577</u>
<i>Included in restricted assets</i>		
Sewer System Enterprise Fund		
General Fund	<u>21,397</u>	<u>0</u>
	\$ 623,577	\$ 623,577

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

5. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets, at June 30, 1999, consisted of the following:

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
Cash	\$ 237,432	\$ 101,958	\$ 339,390
Due from General Fund	21,397		21,397
	\$ 258,829	\$ 101,958	\$ 360,787

Restricted assets, by account, at June 30, 1999, consisted of the following:

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
Revenue bond debt service account			
Cash	\$	\$ 30,921	\$ 30,921
Construction account			
Cash	60,231		60,231
General obligation bonds debt service account			
Cash	177,201		177,201
Due from General Fund	21,397		21,397
Certificate of indebtedness debt service account			
Cash		71,037	71,037
	\$ 258,829	\$ 101,958	\$ 360,787

6. FIXED ASSETS

The following is a summary of changes in fixed assets during the fiscal year.

	<u>BALANCE 7/1/98</u>	<u>ADDITIONS</u>	<u>COMPLETED CONSTRUCTION/ DEDUCTIONS</u>	<u>BALANCE 6/30/99</u>
GENERAL FIXED ASSET ACCOUNT GROUP				
Land	\$ 328,696	\$	\$	\$ 328,696
Buildings	4,870,717	8,360		4,879,077
Other improvements	16,104,468			16,104,468
Equipment	2,782,867	63,270		2,846,137
Construction in progress	85,026	456,139		541,165
<u>TOTAL GENERAL FIXED ASSETS</u>	\$ 24,171,774	\$ 527,769	\$ 0	\$ 24,699,543

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

	BALANCE 7/1/98	ADDITIONS	COMPLETED CONSTRUCTION/ DEDUCTIONS	BALANCE 6/30/99
PROPRIETARY FUNDS				
Sewer System				
Land	\$ 119,876	\$	\$	\$ 119,876
Treatment plant	6,040,918			6,040,918
Sewer disposal system	3,475,086	952,828		4,427,914
Equipment and vehicles	203,122	14,167		217,289
Total Sewer System	9,839,002	966,995	-0-	10,805,997
Water System				
Land	37,375			37,375
Plant and system	6,053,687			6,053,687
Equipment and vehicles	282,717	11,075		293,792
Total Water System	6,373,779	11,076	-0-	6,384,854
Total Proprietary Funds	\$16,212,781	\$ 978,071	\$ -0-	17,190,851
Accumulated Depreciation				(4,406,422)
<u>NET FIXED ASSETS - PROPRIETARY FUNDS</u>				<u>\$12,784,429</u>

In the enterprise funds, the following useful lives are used to compute depreciation using the straight-line method.

Production and distribution system	25 - 50 years
Buildings and improvements	10 - 25 years
Equipment	5 - 8 years
Vehicles	3 - 6 years

Depreciation expense recorded in the financial statements for the fiscal year ended June 30, 1999, amounted to \$234,841 for the Sewer Enterprise Fund and \$254,763 for the Water Enterprise Fund.

Significant construction projects are summarized below:

	PROJECT AUTHORIZATION	EXPENDED TO DATE	COMMITMENT	REQUIRED FURTHER FINANCING
North Industrial Park Building	\$ 700,000	\$ 541,165	\$ 562,767	(*)

(*) Financing provided by a state grant.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

7. LONG-TERM DEBT AND CAPITALIZED LEASES

General Obligation Debts: General obligation liabilities are direct obligations and pledge the full faith and credit of the City. The City has incurred these liabilities to provide funds for the acquisition and construction of major additions and to provide funds for major capital projects. The City has also issued general obligation bonds for sewer improvements. In accordance with GAAP, these bonds are reported in the Sewer Enterprise Fund. The City has dedicated ad valorem tax collections for payment of these liabilities.

The City's obligation relative to the governmental funds' liability for compensated absences is reported as a general obligation debt.

The City has also issued general obligation certificates of indebtedness. Those certificates, which were issued for sewer and water system improvements, and are being repaid from Sewer and Water System revenues, are reported in the respective enterprise funds. The other certificates, which are being repaid from General Fund revenues, are reported in the General Long-Term Debt Account Group.

Revenue Bonds: The City has issued two types of revenue bonds. The first type is water revenue bonds whereby the City pledges income derived from the acquired or constructed assets to pay for the debt service. The second type is sales tax revenue bonds whereby the City has pledged revenue from specifically dedicated sales tax collections to pay debt service.

Long-term debt at June 30, 1999, consisted of the following:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Enterprise</u>	<u>General Long-Term Debt</u>
General Obligation Debt				
General obligation bonds				
Water system refunding (1991)	04/01/2003	6.20-6.70%	\$	\$ 580,000
Sewer system improvements (1995)	03/15/2015	2.95%	2,065,000	
Sewerage District No. 3 (1995)	03/15/2015	2.95%	2,065,000	
Certificates of indebtedness				
Water system improvements (1994)	10/01/2001	4.50%	635,000	

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Enterprise</u>	<u>General Long-Term Debt</u>
Economic development (1995)	06/01/2005	6.00%		470,000
Sewer system improvements (1997)	03/01/2007	5.25%	475,000	
Notes payable				
Economic development (1998)	05/01/2008	6.50%		263,884
Economic development (1998)	05/01/2008	6.50%		263,856
Capitalized leases				
Police cars (1997)	12/16/1999	6.00%		11,316
Public works trucks (1997)	10/01/2002	6.00%		32,143
Sewer system truck (1997)	10/01/2002	6.00%	16,072	
Water system trucks (1997)	10/01/2002	6.00%	32,143	
Computer equipment and software (1998)	04/01/2002	9.35%		25,122
Computer equipment and software (1999)	07/01/2001	9.35%	8,303	
Compensated absences			13,149	188,292
Revenue Bonds				
Sales tax revenue bonds Streets, drainage, and sewer improvements (1994)	08/01/2005	5.40-5.45%		1,975,000
Water revenue bonds Refunding (1998)	04/01/2008	4.50-7.75%	<u>713,000</u>	
Gross			6,022,667	3,809,613
Deferred amount on refunding Water revenue bonds (1998)			<u>(89,403)</u>	
Net			<u>\$ 5,933,264</u>	<u>\$ 3,809,613</u>

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debts outstanding as of June 30, 1999, other than compensated absences, including interest of \$2,400,223 are as follows:

YEAR ENDING JUNE 30,	ENTERPRISE	GENERAL LONG-TERM DEBT	TOTAL
2000	\$ 769,571	\$ 706,923	\$ 1,476,494
2001	759,095	696,025	1,455,120
2002	752,045	695,708	1,447,753
2003	518,020	683,622	1,201,642
2004	518,780	517,442	1,036,222
2005-2015	<u>4,231,585</u>	<u>1,092,843</u>	<u>5,324,428</u>
	\$ 7,549,096	\$ 4,392,563	\$ 11,941,659

Total interest and fiscal charges incurred by governmental funds on general long - term debt amounted to \$237,637, for the current period. Total interest and fiscal charges incurred by proprietary funds amounted to \$241,406.

During the year ended June 30, 1999, the following changes occurred in long - term liabilities:

	BALANCE <u>7/1/98</u>	ADDITIONS	REDUCTIONS	BALANCE <u>6/30/99</u>
General Long - Term Debt Account Group				
General obligation bonds	\$ 700,000	\$	\$ (120,000)	\$ 580,000
Certificates of indebtedness	535,000		(65,000)	470,000
Notes payable	570,075		(42,335)	527,740
Capitalized leases	115,785		(47,204)	68,581
Compensated absences	176,704	11,588		188,292
Sales tax revenue bonds	<u>2,195,000</u>		<u>(220,000)</u>	<u>1,975,000</u>
Totals	4,292,564	11,588	(494,539)	3,809,613
Enterprise Fund Debt				
General obligation bonds	4,330,000		(200,000)	4,130,000
Certificates of indebtedness	1,350,000		(240,000)	1,110,000
Capitalized leases	61,620	11,076	(16,178)	56,518
Compensated absences	-0-	13,149	-0-	13,149
Water revenue bonds	<u>747,000</u>		<u>(61,000)</u>	<u>713,000</u>
Totals	\$ 6,515,620	\$ 24,225	\$ (517,178)	\$ 6,022,667

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

In prior years, the City defeased the Water Revenue Bonds, Series 1989, by placing sufficient funds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the assets of the trust account and the liability for the defeased bonds are not included in the City's financial statements. At year end, defeased bonds outstanding consisted of \$896,120 of the Series 1989 bonds.

General Obligation Bonds, Series 1995 of the City of Leesville and General Obligation Bonds, Series 1995, of Sewer District No. 3 of the City of Leesville:

The material provisions of these bond covenants are as follows:

1. In compliance with the special election held on November 8, 1994, the City shall levy and collect annually ad valorem taxes in an amount sufficient to pay, when due, principal and interest on the bonds. The tax shall be expended only for the purpose of paying promptly when due the principal and interest on the bonds.
2. The City will, in accordance with prudent wastewater utility treatment practice, (i) at all time operate the properties of its System in an efficient manner, (ii) maintain the System in good repair working order and operating condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements with respect to its System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.
3. The City will keep accurate records and accounts for the System separate and distinct from its other records and accounts in accordance with generally accepted government accounting standards.
4. The City will establish a user charge system to assure that each recipient of wastewater treatment services will pay a proportionate share of the costs of operation and maintenance, including any necessary replacement of portions of the System.
5. There shall be established a separately identifiable fund or account to be designated the General Obligation Bond Sinking Fund. All monies from the collection of the ad valorem taxes shall be used solely to pay principal of and interest on the bonds.
6. There shall be established a separately identifiable fund or account to be designated the Sewer System Renewal and Replacement Fund. There shall be transferred to this fund, on or before the twentieth (20th) day of each month of each year, beginning no later than the first full month after the loan closing, an amount equal to five percent (5%) of net revenues collected in the prior calendar month until the balance in the renewal and replacement fund equals to \$75,000. All

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

monies in the renewal and replacement fund may be drawn on and used by the System for the purpose of paying the costs of any unusual and extraordinary maintenance and any improvements to the System which will either enhance its revenue producing capacity or provide a higher degree of service.

Violation of the indentures for the General Obligation Bonds, Series 1995 of the City of Leesville and General Obligation Bonds, Series 1995, of Sewer District No. 3 of the City of Leesville:

1. Section 5.1 of the agreement provides taxes collected shall be used solely to pay principal and interest on the bonds. However, \$117,271 was transferred from the sinking fund to operations during the year ended June 30, 1999.
2. Funds were not transferred to the Sewer System Renewal and Replacement Fund in accordance with Section 5.2 of the agreement.

Certificates of Indebtedness, Series 1994: The agreement requires that the City transfer monthly to a debt service sinking fund one-sixth (1/6) of the next interest payment due and one-twelfth (1/12) of the next principal payment due.

Violation of the Certificates of Indebtedness, Series 1994 Agreement: Transfers were not made to the sinking fund as required by the agreement. A deficit of \$89,857 existed in the sinking fund at year - end.

Certificates of Indebtedness, Series 1995: The agreement requires that the City transfer monthly to a debt service sinking fund one-sixth (1/6) of the next interest payment due and one-twelfth (1/12) of the next principal payment due.

Water System Refunding Series 1998 Bonds: The material provisions of water system refunding bond covenants are as follows:

1. The City will establish a rate structure sufficient to pay the necessary operating expenses, principal, and interest on the bonds. Revenues after paying operating expenses must be at least 120% of the largest amount of principal and interest maturing in any future fiscal year.
2. The City will transfer monthly to a debt service sinking fund one - sixth (1/6) of the next interest payment due and one - twelfth (1/12) of the next principal payment due.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

3. The City will transfer monthly to the contingency fund an amount equal to five percent of the amount transferred to the sinking fund. Monies in this fund may be used for extensions, additions, improvements and replacements, and to pay principal and interest if funds are not otherwise available.
4. After funding necessary operations, sinking fund requirements, and contingency fund requirements, any remaining funds may be used for any lawful purpose of the City.

Violations of the Water System Refunding Bonds, Series 1998, Covenants:

1. Monthly sinking fund transfers were not made as required by the agreement. Periodic lump sum transfers were made to the sinking fund and, at June 30, 1999, the sinking fund was fully funded.
2. Monthly transfers were not made to the contingency fund as required by the agreement. A deficit of \$5,962 existed in the contingency fund at year - end.
3. Operating transfers were made to the General Fund prior to funding the above sinking and contingency funds.

Sales Tax Revenue Bonds: The material provisions of sales tax revenue bond covenants are as follows:

1. The bonds and interest thereon are payable from the pledge and dedication of the City's sales tax.
2. The City will transfer monthly to a debt service sinking fund one - sixth (1/6) of the next interest payment due and one - twelfth (1/12) of the next principal payment due.
3. The City will establish a reserve fund in the amount of \$305,000. Monies in this fund may be used for principal and interest payments, if necessary.
4. Parity bonds may be issued if certain conditions are met.

Violation of Sales Tax Revenue Bond Covenants:

1. Transfers were not made each month to the sinking fund as required by the covenants. Periodic lump sum transfers were made resulting in a deficit in the sinking fund for a period of six months during the fiscal year. No deficit existed in the sinking fund at year end.
2. Operating transfers were made to other funds prior to funding the above sinking fund.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

8. CONTRIBUTED CAPITAL

The following changes occurred in contributed capital during the year ended June 30, 1999:

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
Balance, beginning of year	\$ 2,982,238	\$ 2,390,211	\$ 5,372,449
Additions			
Improvements			
Other City funds	<u>952,827</u>	<u> </u>	<u>952,827</u>
Balance, end of year	\$ 3,935,065	\$ 2,390,211	\$ 6,325,276

9. RESERVED RETAINED EARNINGS

At June 30, 1999, reserved retained earnings consisted of the following:

	<u>SEWER SYSTEM</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL</u>
Reserved for			
Construction	\$ 60,231	\$	\$ 60,231
Employee benefits	<u> </u>	<u>86,198</u>	<u>86,198</u>
	\$ 60,231	\$ 86,198	\$ 146,429

10. RESERVED FUND BALANCES

At June 30, 1999, reserved fund balances consisted of the following:

Reserved for		
Economic Development		\$ 8,248
Debt service		<u>697,892</u>
		\$ 706,140

11. ACCUMULATED DEFICITS

Accumulated deficits existed in the following individual funds at year end:

Industrial Park Buildings Construction Fund	\$199,789
Water System Enterprise Fund	271,750

The deficit in the Industrial Park Buildings Construction Fund is expected to be funded by an economic development grant to be received from the state.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

The deficit in the Water System Enterprise Fund is primarily attributable to depreciation of fixed assets acquired with contributed capital. Combining contributed capital with the deficit in retained earnings results in a fund equity balance of \$2,118,461.

12. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City normally on November 15 and are due on December 1. Billed taxes become delinquent on January 1 of the following year. Revenue from ad valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Vernon Parish.

For the year ended June 30, 1999, taxes of 24.75 mills were levied on property with assessed values totaling \$24,781,320, and were dedicated as follows:

General maintenance purposes	5.15 mills
Debt service	19.60 mills

Total taxes levied were \$612,182. All taxes were paid prior to the end of the current fiscal year; therefore, no allowance for doubtful accounts is provided.

13. ENTERPRISE FUNDS - OPERATIONS

The City operates two enterprise funds which provide sewer and water services to the residents of the City and certain adjacent areas. The following is a condensed summary of operations and other information for these funds.

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
Operating revenues	\$ 462,777	\$ 1,098,101	\$ 1,560,878
Operating expenses			
Depreciation	(234,841)	(254,763)	(489,604)
Other	(319,592)	(447,620)	(767,212)
Operating income (loss)	(91,656)	395,718	304,062
Nonoperating revenues (expenses)			
Ad valorem taxes	318,879		318,879
Interest revenue	5,430	299	5,729
Interest and fiscal charges	(134,642)	(112,653)	(247,295)

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
Operating transfers out – General Fund	<u>(200,000)</u>	<u>(250,000)</u>	<u>(450,000)</u>
Net income (loss)	\$ (101,989)	\$ 33,364	\$ (68,625)
<i>Other information</i>			
Current capital contributions	\$ 952,827	\$	\$ 952,827
Net working capital	446,660	(707,862)	(261,202)
Total assets	9,835,585	4,110,019	13,945,604
Revenue bonds payable		713,000	713,000
General obligation bonds payable	4,130,000		4,130,000
Certificates of indebtedness payable	475,000	635,000	1,110,000
Total equity	\$ 5,152,315	\$ 2,118,461	\$ 7,270,776

14. EMPLOYEE BENEFITS INSURANCE

The City maintains a trust to finance employee hospitalization/health insurance and certain employee life insurance. Resources accumulated for health coverage in the trust are accounted for in the Employee Benefits Insurance Fund (an internal service fund). Under this program, the Employee Benefits Insurance Fund normally provides coverage for a maximum of \$15,000 for each covered employee's (and dependent's, if applicable) qualifying health claims. The Fund's normal aggregate retained loss per plan year is \$2,000,000. The Employee Benefits Insurance Fund purchased commercial insurance for health claims in excess of coverage provided and for certain employee life insurance. Under the terms of the trust agreement, the net assets of the Fund, \$86,198, at June 30, 1999, may only be used to provide employee benefits.

All funds of the City and covered employees participate in the program and make payments to the Employee Benefits Insurance Fund. The claims liability of \$77,166 reported in the Fund at June 30, 1999, is based upon GAAP, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in the fiscal year ending June 30, 1999, were as follows:

Balance, beginning of year	\$ 18,125
Current year claims	322,051
Claim payments	<u>(263,010)</u>
Balance, end of year	\$ 77,166

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	<u>LIMITS OF COVERAGE</u>
Workmen's compensation	Statutory
Auto liability	\$ 500,000
Commercial general liability	1,500,000
Law enforcement officers' liability (deductible \$5,000)	500,000
City-owned buildings and equipment - fire, lightning, and extended coverage	2,070,057

The City covers all other losses, claim settlements, and judgments from General Fund resources. The City currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The City is party to legal proceedings involving suits filed against the City for various reasons. Some of these suits claim damages that are material in amount. The amount of losses, if any, that may arise from these suits can not be reasonably estimated. Management does not believe that the City is exposed to any material losses not covered by insurance. No provision for losses is included in the financial statements.

16. COMPENSATION PAID TO MAYOR AND CITY COUNCIL

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the City Council of the City of Leesville, Louisiana, for the fiscal year ending June 30, 1999.

Mayor James S. Shapkoff, Jr.	\$12,000
<i>Council Members</i>	
Sullivan Battiste	4,375
Milton D. Dowd	4,550
William M. Elliott	4,500
Jerry L. Jeane	4,200
Joseph P. McKee	4,200
Alice F. Upshaw	4,375

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

17. PUBLIC EMPLOYEES' RETIREMENT SYSTEMS

The City contributes to three statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems. These consist of the Municipal Police Employees' Retirement System of Louisiana (MPERS), the Firefighters' Retirement System (FRS), and the Louisiana State Employees' Retirement System (LASERS).

MPERS. Membership is mandatory for all full-time police officers employed by the City, provided they meet statutory criteria. Any member is eligible for normal retirement benefits after he has been a member of the System for one (1) year, if he has twenty-five (25) years of creditable service at any age, or if he has twenty (20) years of creditable service and is age fifty (50), or has twelve (12) years of creditable service and is age fifty-five (55). Benefit rates are three and one-third percent (3 1/3%) of final compensation per number of years of creditable service not to exceed one hundred percent (100%). Benefit and contribution requirements are established by state law. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Police Employees' Retirement System, P. O. Box 94095, Baton Rouge, LA 70804-9095.

Members are currently required to contribute seven and one-half percent (7 1/2%) of their annual salary to the system, including supplemental pay. The City contributes an actuarially determined rate, presently set at nine percent (9%) of the member's salary, including supplemental pay.

FRS. This Plan is a defined benefit pension plan covering firemen employed by a municipality, parish, or fire protection district of the State hired after December 31, 1979. Employees with twenty (20) or more years of service who have attained age fifty (50), employees who have twelve (12) years of service who have attained age fifty-five (55), or employees who have twenty-five (25) years of service at any age are entitled to annual pension benefits equal to three and one-third percent (3 1/3%) of their average final compensation based on the thirty-six (36) consecutive months of highest pay multiplied by their total years of service, not to exceed one hundred percent (100%). Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering twelve (12) years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Benefit and contribution requirements are established by state law. FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

Members are currently required to contribute eight percent (8%) of their annual salary, including supplemental pay to the Plan. The City contributes an actuarially determined rate, presently at nine percent (9%) of the member's salary, including supplemental pay.

LASERS. All state employees except certain classes of employees specifically excluded by statute become members of the system as a condition of employment. Statewide elected officials and officials appointed by the governor may, at their option, become members of the System. The only member of this System from the City of Leesville is the city court judge. The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty (30) years of creditable service to age sixty (60) upon completing ten (10) years of creditable service.

The basic annual retirement benefit for substantially all members is equal to two and one-half percent (2 1/2%) of average compensation multiplied by the number of years of creditable service plus three hundred dollars (\$300). Average compensation is defined as the member's average annual earned compensation for the period of thirty-six (36) consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of one hundred percent (100%) of average compensation or certain specified dollar amounts or actuarially determined monetary limits which vary depending upon the member's age at retirement. Judges and court officers and certain elected officials receive an additional annual retirement benefit equal to one percent (1%) of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

Benefit and contribution requirements are established by state law.

LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to P. O. Box 44213, Baton Rouge, LA 70804-4213.

Judges, court officers, and legislators contribute eleven and one - half percent (11 1/2%) of their salary to the System. The City contributes an actuarially determined rate, presently set at 13% of the member's annual salary.

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

Required contributions: The City made the following required contributions to the various pension plans:

<u>YEAR ENDING</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>TOTALS</u>
6/30/99	\$ 33,144	\$ 23,558	\$ 446	\$ 57,148
6/30/98	38,708	24,222	468	63,398
6/30/97	41,793	22,695	446	64,934

18. DEFINED CONTRIBUTION PLAN

The City sponsors a defined contribution pension plan (the Plan) to provide benefits at retirement to all full-time employees who elect to participate. The Plan is administered by Public Employees Benefit Services Corporation. At June 30, 1999, there were 30 participants in the Plan. Plan members are required to contribute 5% of covered salary. The City is required to contribute 9% of the participant's covered salary. Plan provisions and contribution requirements are established by and may be amended by the City Council. Participant contributions were \$265,579 for the year ending June 30, 1999. Employer contributions were \$44,322. Participant and employer contributions are recognized in the period that the contributions are due.

19. SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the police and fire departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$122,830 is recognized as revenue and expenditures in the General Fund and Sales Tax Special Revenue Fund as follows:

General Fund	
Police	\$ 76,030
Sales Tax Special Revenue Fund	
Fire	<u>46,800</u>
	\$ 122,830

**CITY OF LEESVILLE
JUNE 30, 1999**

NOTES TO FINANCIAL STATEMENTS

20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual governmental funds had expenditures, including transfers out, exceeding appropriations as approved in the budget:

	<u>EXPENDITURES</u>	<u>APPROPRIATIONS</u>	<u>EXCESS</u>
General Fund	\$ 2,250,445	\$ 2,182,790	\$ 67,655
Special Revenue Funds			
Sales Tax Fund	1,598,051	1,525,935	72,116
E 911 Communications District Fund	286,309	285,115	1,194
Law Enforcement Block Grant Fund	29,535	22,865	6,670

21. LEGAL COMPLIANCE

The following violation of state statutes occurred during the fiscal year:

Complete records, as required by Louisiana Revised Statutes for fixed assets for which the City is accountable, are not maintained.

22. CITY AS LESSOR

On May 15, 1998, the City leased to a tenant land and buildings at the North Leesville Industrial Park for a term of 10 years with rental payments of \$7,000 per month for the first 5 years and \$5,000 per month for the next 5 years. The tenant has the option to extend the term of this lease for two additional 5 year periods for a rental of \$5,000 per month. The cost of land and buildings leased to the tenant, which are included in general fixed assets and, therefore, not subject to depreciation, is \$3,191,978.

Total lease revenues for the fiscal year, consisting solely of minimum rentals on the above lease, amounted to \$84,000.

CITY OF LEESVILLE
JUNE 30, 1999

NOTES TO FINANCIAL STATEMENTS

Minimum future rentals receivable on this lease, as of June 30, 1999, for each of the next five years and in aggregate are:

YEAR ENDED <u>JUNE 30,</u>	<u>AMOUNT</u>
2000	\$ 84,000
2001	84,000
2002	84,000
2003	80,000
2004	60,000
Thereafter	<u>230,000</u>
	\$ 622,000

**COMBINING, INDIVIDUAL FUND, AND ACCOUNT
GROUP FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL FUND

This is the general operating fund of the City and is used to account for operations traditionally associated with a city which are not required to be accounted for in another fund.

CITY OF LEESVILLE, LOUISIANA
 GENERAL FUND
 BALANCE SHEET
 JUNE 30, 1999

EXHIBIT F-1

ASSETS	
Cash	\$ 17,085
Receivables	
Intergovernmental	55,141
Other	90,575
Due from other funds	
Sales Tax Special Revenue Fund	14,843
E911 Communications District Special Revenue Fund	1,007
Water Enterprise Fund	74,914
Inventories	<u>42,726</u>
 TOTAL ASSETS	 \$ <u><u>296,291</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Cash overdraft	\$ 66,807
Accounts payable	44,415
Other current liabilities	698
Due to other funds	
Water System Bonds Debt Service Fund	10,516
Sewer System Enterprise Fund	
Operating	50,480
General obligation bonds debt service accounts	<u>21,397</u>
Total Liabilities	194,313
 FUND BALANCE	
Unreserved - undesignated	<u>101,978</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u>296,291</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT F-2

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 447,055	\$ 457,531	\$ 10,476
Licenses and permits	298,850	321,121	22,271
Charges for services	51,550	46,608	(4,942)
Intergovernmental	201,280	307,317	106,037
Fines and forfeitures	140,850	142,524	1,674
Interest	100	120	20
Other	127,380	127,202	(178)
Total Revenues	1,267,065	1,402,423	135,358
EXPENDITURES			
Current			
General government	533,855	421,988	111,867
Public safety	964,040	1,103,798	(139,758)
Public works	362,875	389,797	(26,922)
Economic development	75,450	76,056	(606)
Debt Service	133,165	136,569	(3,404)
Capital Outlay	16,305	20,094	(3,789)
Total Expenditures	2,085,690	2,148,302	(62,612)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(818,625)	(745,879)	72,746
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)			
Sales Tax Special Revenue Fund	500,000	500,000	0
Sewer System Enterprise Fund	200,000	200,000	0
Water System Enterprise Fund	250,000	250,000	0
Law Enforcement Block Grant Special Revenue Fund		(5,043)	(5,043)
Certificate of Indebtedness Debt Service fund	(97,100)	(97,100)	0
Total Other Financing Sources (Uses)	852,900	847,857	(5,043)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	34,275	101,978	67,703
FUND BALANCE, BEGINNING	0	0	0
FUND BALANCE, ENDING	\$ 34,275	\$ 101,978	\$ 67,703

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT F-3

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes			
Ad valorem	\$ 129,000	\$ 127,700	\$ (1,300)
Franchise	300,000	311,717	11,717
Other	18,055	18,114	59
Totals	447,055	457,531	10,476
Licenses and permits			
Occupational licenses	260,000	282,805	22,805
Beer and liquor permits	12,150	12,149	(1)
Building permits	24,000	23,520	(480)
Other licenses and permits	2,700	2,647	(53)
Totals	298,850	321,121	22,271
Charges for services			
Animal shelter	7,100	7,172	72
Inspection fees	8,600	8,653	53
Police department fees	35,850	30,783	(5,067)
Totals	51,550	46,608	(4,942)
Intergovernmental			
Federal			
Law enforcement grants	28,335	34,322	5,987
State			
Video poker commissions	69,000	81,238	12,238
State tobacco tax	38,000	38,797	797
State beer tax	20,675	27,727	7,052
Fire insurance rebate	12,160	12,161	1
Highway maintenance	10,350	10,350	0
Supplemental pay - police		76,030	76,030
DARE	16,440	20,372	3,932
Other	6,320	6,320	0
Totals	201,280	307,317	106,037
Fines and forfeitures			
City court	140,850	142,524	1,674
Interest	100	120	20
Other			
Lease - industrial park	84,000	84,000	0
Economic development	22,000	22,003	3
Miscellaneous	21,380	21,199	(181)
Totals	127,380	127,202	(178)
TOTAL REVENUES	\$ 1,267,065	\$ 1,402,423	\$ 135,358

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT F-4
(Continued)

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CURRENT			
General Government			
Executive Department			
Salaries	\$ 38,425	\$ 38,250	\$ 175
Payroll taxes	2,940	2,926	14
Insurance		7,354	(7,354)
Travel	1,215	1,215	0
Public relations	885	1,534	(649)
Telephone and utilities	3,320	3,542	(222)
Other	540	540	0
Totals	47,325	55,361	(8,036)
Finance Department			
Salaries	22,040	22,043	(3)
Payroll taxes	1,670	1,679	(9)
Insurance	3,105	3,090	15
Telephone and utilities	3,540	3,580	(40)
Totals	30,355	30,392	(37)
Administrative Department			
Salaries	46,760	46,761	(1)
Payroll taxes	3,500	3,531	(31)
Retirement	3,800	3,718	82
Insurance	16,085	16,084	1
Travel	885	884	1
Telephone and utilities	1,960	2,018	(58)
Totals	72,990	72,996	(6)
Legal Department			
Salaries	31,200	31,200	0
Payroll taxes	2,425	2,439	(14)
Other	7,285	7,283	2
Totals	40,910	40,922	(12)
Building Inspection Department			
Salaries	21,450	21,450	0
Payroll taxes	1,665	1,674	(9)
Insurance	1,900	1,704	196
Other	2,210	2,125	85
Totals	27,225	26,953	272

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT F-4
(Continued)

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Expenses			
Liability insurance	139,775	25,764	114,011
Uniforms	13,735	13,962	(227)
Office supplies and expenses	2,710	3,384	(674)
Utilities	20,190	21,866	(1,676)
Payroll taxes	34,975	34,977	(2)
Publishing	4,000	3,675	325
Dues	2,700	2,744	(44)
Mayor's Women's Commission	1,450	1,452	(2)
Operating supplies	16,690	16,357	333
Building maintenance	6,520	7,406	(886)
Computer and software maintenance	34,070	21,460	12,610
Equipment maintenance	2,510	2,511	(1)
Court costs	2,865	3,140	(275)
Professional services	20,260	20,258	2
Garbage service	1,765	1,765	0
Other	10,835	14,643	(3,808)
Totals	315,050	195,364	119,686
Total General Government	533,855	421,988	111,867
Public Safety			
Police Department			
Salaries	556,150	556,327	(177)
State supplemental pay		76,030	(76,030)
Payroll taxes	46,310	46,610	(300)
Retirement	39,160	43,608	(4,448)
Insurance	116,800	169,571	(52,771)
Travel	1,870	1,675	195
Training	6,940	6,493	447
Uniforms	14,860	14,350	510
Office supplies	1,785	1,855	(70)
Telephone and utilities	16,800	17,915	(1,115)
Dues	755	755	0
Operating supplies	18,715	21,571	(2,856)
Gas and oil	17,115	21,621	(4,506)
Repairs and maintenance	35,500	32,622	2,878
Prisoner expenses	33,410	34,034	(624)
DARE program	4,765	4,764	1
Other	9,690	9,963	(273)
Totals	920,625	1,059,764	(139,139)
Animal Shelter			
Salaries	35,025	35,024	1
Payroll taxes	2,715	2,733	(18)
Retirement	1,230	1,227	3
Supplies	500	613	(113)
Veterinarian expenses	1,755	2,161	(406)
Other	2,190	2,276	(86)
Totals	43,415	44,034	(619)
Total Public Safety	964,040	1,103,798	(139,758)

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT F-4
(Continued)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Works			
Public Works Department			
Salaries	143,690	143,679	11
Payroll taxes	10,510	10,593	(83)
Retirement	5,025	5,023	2
Insurance	30,000	44,595	(14,595)
Telephone and utilities	68,270	73,310	(5,040)
Supplies	22,265	26,676	(4,411)
Gas and oil	5,475	6,984	(1,509)
Repairs and maintenance	26,795	28,015	(1,220)
Cutting contract	10,450	11,000	(550)
Other	4,340	4,338	2
Totals	<u>326,820</u>	<u>354,213</u>	<u>(27,393)</u>
Shop Department			
Salaries	24,670	24,669	1
Payroll taxes	1,755	1,770	(15)
Retirement	1,850	1,838	12
Insurance	3,870	3,371	499
Supplies	3,910	3,936	(26)
Totals	<u>36,055</u>	<u>35,584</u>	<u>471</u>
Total Public Works	<u>362,875</u>	<u>389,797</u>	<u>(26,922)</u>
Economic Development			
Airport			
Management fees	10,400	11,200	(800)
Insurance	565	3,229	(2,664)
Utilities	10,650	10,714	(64)
Supplies	2,390	2,233	157
Repairs and maintenance	6,245	6,244	1
Other	3,585	144	3,441
Totals	<u>33,835</u>	<u>33,764</u>	<u>71</u>
Economic Development Office			
Salaries	30,785	30,785	0
Payroll taxes	2,235	2,243	(8)
Insurance	4,135	4,136	(1)
Supplies	1,520	2,008	(488)
Telephone and utilities	2,440	2,620	(180)
Other	500	500	0
Totals	<u>41,615</u>	<u>42,292</u>	<u>(677)</u>
Total Economic Development	<u>75,450</u>	<u>76,056</u>	<u>(606)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT F-4
(Concluded)

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
DEBT SERVICE			
Principal	\$ 87,307	\$ 89,539	\$ (2,232)
Interest	45,858	47,030	(1,172)
Total Debt Service	133,165	136,569	(3,404)
CAPITAL OUTLAY			
General government	11,305	15,103	(3,798)
Public safety	500	476	24
Public works	4,500	4,515	(15)
Total Capital Outlay	16,305	20,094	(3,789)
TOTAL EXPENDITURES	\$ 2,085,690	\$ 2,148,302	\$ (62,612)

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

SALES TAX FUND is used to account for revenues generated by the one cent sales and use tax. Proceeds are dedicated as follows: debt service of sales tax bonds; operations of public works; operations of sewer system; operations of fire department; and operations of recreation department.

ECONOMIC DEVELOPMENT FUND is used to account for monies available for economic development purposes.

E 911 COMMUNICATIONS DISTRICT FUND is used to account for the intergovernmental agreement with the Vernon Parish Police Jury and the Vernon Parish Communications District for the operation of the Vernon Parish enhanced 911 emergency system. Funding is provided by telephone surcharges.

LAW ENFORCEMENT BLOCK GRANT FUND is used to account for revenues received from a federal program for crime prevention.

CITY OF LEESVILLE, LOUISIANA
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1999

EXHIBIT G-1

	<u>SALES TAX</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>E911 COMMUNICATIONS DISTRICT</u>	<u>LAW ENFORCEMENT BLOCK GRANT</u>	<u>TOTAL</u>
ASSETS					
Cash	\$ 10,676	\$ 51,759	\$ 152,155	\$ 11,648	\$ 226,238
Receivables					
Accounts			40,356		40,356
Due from other funds					
Water Enterprise Fund	<u>95,000</u>				<u>95,000</u>
TOTAL ASSETS	<u>\$ 105,676</u>	<u>\$ 51,759</u>	<u>\$ 192,511</u>	<u>\$ 11,648</u>	<u>\$ 361,594</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 10,176	\$	\$ 7,386	\$ 4,780	\$ 22,342
Due to other funds					
General Fund	14,843		1,007		15,850
LCDBG Capital Project Fund		43,511			43,511
Deferred revenues				<u>6,868</u>	<u>6,868</u>
Total Liabilities	<u>25,019</u>	<u>43,511</u>	<u>8,393</u>	<u>11,648</u>	<u>88,571</u>
FUND BALANCES					
Reserved for economic development		8,248			8,248
Unreserved - undesignated	<u>80,657</u>		<u>184,118</u>		<u>264,775</u>
Total Fund Balances	<u>80,657</u>	<u>8,248</u>	<u>184,118</u>	<u>0</u>	<u>273,023</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,676</u>	<u>\$ 51,759</u>	<u>\$ 192,511</u>	<u>\$ 11,648</u>	<u>\$ 361,594</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1999

EXHIBIT G-2

	SALES TAX	ECONOMIC DEVELOPMENT	E911 COMMUNICATIONS DISTRICT	LAW ENFORCEMENT BLOCK GRANT	TOTAL
REVENUES					
Taxes	\$ 1,549,820	\$	\$	\$	\$ 1,549,820
Intergovernmental	46,800			24,194	70,994
Charges for services	82,998		355,020		438,018
Interest		2,842	1,508	298	4,648
Other	925		581		1,506
Total Revenues	1,680,543	2,842	357,109	24,492	2,064,986
EXPENDITURES					
Current					
General government	85,215				85,215
Public safety	463,055		256,439	10,443	729,937
Culture and recreation	214,150				214,150
Capital outlay	2,631		29,870	19,092	51,593
Total Expenditures	765,051	0	286,309	29,535	1,080,895
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	915,492	2,842	70,800	(5,043)	984,091
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)					
General Fund	(500,000)			5,043	(494,957)
Debt Service Fund	(333,000)				(333,000)
Capital Projects Fund		(196,184)			(196,184)
Total Other Financing Sources (Uses)	(833,000)	(196,184)	0	5,043	(1,024,141)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	82,492	(193,342)	70,800	0	(40,050)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(1,835)	201,590	113,318	0	313,073
FUND BALANCE, END OF YEAR	\$ 80,657	\$ 8,248	\$ 184,118	\$ 0	\$ 273,023

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1999

EXHIBIT G-3
 (Continued)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Sales tax	\$ 1,525,000	\$ 1,549,820	\$ 24,820
Intergovernmental - state supplemental pay		46,800	46,800
Charges for services - recreation	79,430	82,998	3,568
Other	725	925	200
Total Revenues	<u>1,605,155</u>	<u>1,680,543</u>	<u>75,388</u>
EXPENDITURES			
Current			
General government			
Salaries	66,880	66,878	2
Payroll taxes	4,980	5,001	(21)
Retirement	2,485	2,485	0
Insurance	5,375	5,021	354
Professional fees	5,000	5,000	0
Other	825	830	(5)
Total General Government	<u>85,545</u>	<u>85,215</u>	<u>330</u>
Public safety - Fire Department			
Salaries	263,215	263,099	116
State supplemental pay		46,800	(46,800)
Payroll taxes	21,915	22,060	(145)
Retirement	24,965	28,328	(3,363)
Insurance	67,395	77,709	(10,314)
Training	1,290	1,288	2
Office supplies and expenses	30	28	2
Telephone and utilities	7,715	8,292	(577)
Supplies	5,380	5,995	(615)
Gas and oil	2,815	3,461	(646)
Repairs and maintenance	5,775	5,851	(76)
Other	10	144	(134)
Total Public Safety	<u>400,505</u>	<u>463,055</u>	<u>(62,550)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1999

EXHIBIT G-3
 (Continued)

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Culture and recreation			
Recreation			
Salaries	68,840	68,836	4
Payroll taxes	5,195	5,227	(32)
Insurance	10,845	14,008	(3,163)
Telephone and utilities	12,955	12,600	355
Supplies	8,660	9,238	(578)
Gas and oil	2,385	2,699	(314)
Repairs and maintenance	6,405	7,206	(801)
Items purchased for resale	310	307	3
Garbage service	2,570	2,568	2
Other	10	9	1
Total Recreation	118,175	122,698	(4,523)
Recreation Complex			
Salaries	13,715	13,715	0
Payroll taxes	925	928	(3)
Professional fees	4,800	4,800	0
Telephone and utilities	4,310	4,387	(77)
Supplies	5,375	5,250	125
Repairs and maintenance	1,050	1,315	(265)
Items purchased for resale	2,720	4,998	(2,278)
Other	640	776	(136)
Total Recreation Complex	33,535	36,169	(2,634)
Neighborhood Center			
Salaries	32,675	32,674	1
Payroll taxes	2,355	2,370	(15)
Retirement	1,600	1,600	0
Insurance	5,185	5,069	116
Telephone and utilities	5,300	5,418	(118)
Supplies	5,380	6,542	(1,162)
Repairs and maintenance	1,050	1,610	(560)
Total Neighborhood Center	53,545	55,283	(1,738)
Total Culture and Recreation	205,255	214,150	(8,895)

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1999

EXHIBIT G-3
 (Concluded)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Capital Outlay			
Culture and recreation	1,630	2,631	(1,001)
Total Expenditures	<u>692,935</u>	<u>765,051</u>	<u>(72,116)</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 912,220	 915,492	 3,272
 OTHER FINANCING USES			
Operating transfers (out)			
General Fund	(500,000)	(500,000)	0
Debt Service Funds	<u>(333,000)</u>	<u>(333,000)</u>	<u>0</u>
Total Other Financing Uses	<u>(833,000)</u>	<u>(833,000)</u>	<u>0</u>
 EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	 79,220	 82,492	 3,272
 FUND BALANCE, BEGINNING OF YEAR	 <u>(1,835)</u>	 <u>(1,835)</u>	 <u>0</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 77,385</u>	 <u>\$ 80,657</u>	 <u>\$ 3,272</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1999

EXHIBIT G-4

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Interest	\$ 8,680	\$ 2,842	\$ (5,838)
OTHER FINANCING USES			
Operating transfers (out)			
Industrial Park Buildings Construction Fund	<u>(204,825)</u>	<u>(196,184)</u>	<u>8,641</u>
(DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	(196,145)	(193,342)	2,803
FUND BALANCE, BEGINNING OF YEAR	<u>201,590</u>	<u>201,590</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,445</u>	<u>\$ 8,248</u>	<u>\$ 2,803</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
E911 COMMUNICATIONS DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT G-5

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Charges for services - telephone surcharges	\$ 295,000	\$ 355,020	\$ 60,020
Interest	1,300	1,508	208
Other	3,740	581	(3,159)
Total Revenues	<u>300,040</u>	<u>357,109</u>	<u>57,069</u>
EXPENDITURES			
Current			
Public Safety			
Salaries	125,085	125,085	0
Payroll taxes	9,285	9,353	(68)
Retirement	5,680	5,676	4
Insurance	12,885	13,628	(743)
Office supplies and expenses	1,450	1,144	306
Telephone and utilities	84,045	84,325	(280)
Supplies	11,525	11,685	(160)
Gas and oil	935	1,365	(430)
Repairs and maintenance	4,170	4,178	(8)
Other	185		185
Capital outlay	29,870	29,870	0
Total Expenditures	<u>285,115</u>	<u>286,309</u>	<u>(1,194)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,925	70,800	55,875
FUND BALANCE, BEGINNING OF YEAR	<u>113,318</u>	<u>113,318</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 128,243</u>	<u>\$ 184,118</u>	<u>\$ 55,875</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT G-6

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Intergovernmental - federal grant	\$ 21,715	\$ 24,194	\$ 2,479
Interest	275	298	23
Total Revenues	<u>21,990</u>	<u>24,492</u>	<u>2,502</u>
EXPENDITURES			
Current			
Public Safety - Police Department			
Salaries	8,595	8,589	6
Payroll taxes	655	652	3
Travel		1,202	(1,202)
Capital outlay	13,615	19,092	(5,477)
Total Expenditures	<u>22,865</u>	<u>29,535</u>	<u>(6,670)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(875)	(5,043)	(4,168)
OTHER FINANCING SOURCES			
Operating transfers in General Fund	<u>5,045</u>	<u>5,043</u>	<u>(2)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	4,170	0	(4,170)
FUND BALANCE, BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,170</u>	<u>\$ 0</u>	<u>\$ (4,170)</u>

The accompanying notes are an integral part of the financial statements.

DEBT SERVICE FUNDS

These funds account for resources accumulated for payment of principal and interest of general obligation debt consisting of the following:

Water System public improvement bonds, dated April 1, 1983, secured as to payment by ad valorem tax assessed on all property and improvements in the City of Leesville.

Public improvement bonds, Series ST-1992, secured as to payment by the revenues of the special one percent sales and use tax levied and collected by the City.

Certificates of Indebtedness, Series 1995, secured by and payable as to principal and interest solely from a pledge and dedication of the excess of annual revenues of the City.

CITY OF LEESVILLE, LOUISIANA
 DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1999

EXHIBIT H-1

	WATER SYSTEM BONDS	SALES TAX BONDS	CERTIFICATES OF INDEBTEDNESS	TOTAL
Cash	\$ 18,524	\$ 256,868	\$ 52,146	\$ 327,538
Investments		357,891		357,891
Accrued interest receivable		1,947		1,947
Due from General Fund	<u>10,516</u>			<u>10,516</u>
TOTAL ASSETS	<u>\$ 29,040</u>	<u>\$ 616,706</u>	<u>\$ 52,146</u>	<u>\$ 697,892</u>
FUND BALANCES				
Reserved for debt service		<u>\$ 616,706</u>	<u>\$ 52,146</u>	<u>\$ 697,892</u>
TOTAL FUND BALANCES	<u>\$ 29,040</u>	<u>\$ 616,706</u>	<u>\$ 52,146</u>	<u>\$ 697,892</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 DEBT SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 1999

EXHIBIT H-2

	WATER SYSTEM BONDS	SALES TAX BONDS	CERTIFICATES OF INDEBTEDNESS	TOTAL
REVENUES				
Ad valorem taxes	\$ 161,781			\$ 161,781
Interest	384	18,107	1,753	20,244
Total Revenues	<u>162,165</u>	<u>18,107</u>	<u>1,753</u>	<u>182,025</u>
EXPENDITURES - DEBT SERVICE				
Principal retirement	120,000	220,000	65,000	405,000
Interest and fiscal charges	46,220	113,347	32,100	191,667
Total Expenditures	<u>166,220</u>	<u>333,347</u>	<u>97,100</u>	<u>596,667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,055)	(315,240)	(95,347)	(414,642)
OTHER FINANCING SOURCES				
Operating transfers in				
General Fund			97,100	97,100
Sales Tax Fund		393,000		393,000
Total Other Financing Sources	<u>0</u>	<u>393,000</u>	<u>97,100</u>	<u>490,100</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(4,055)	77,760	1,753	75,458
FUND BALANCES, BEGINNING OF YEAR	<u>33,095</u>	<u>538,946</u>	<u>50,393</u>	<u>622,434</u>
FUND BALANCES, END OF YEAR	<u>\$ 29,040</u>	<u>\$ 616,706</u>	<u>\$ 52,146</u>	<u>\$ 697,892</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
WATER SYSTEM BONDS DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

EXHIBIT H-3

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Ad valorem taxes	\$ 166,000	\$ 161,781	\$ (4,219)
Interest	360	384	24
Total Revenues	166,360	162,165	(4,195)
EXPENDITURES - DEBT SERVICE			
Principal retirement	120,000	120,000	0
Interest and fiscal charges	46,220	46,220	0
Total Expenditures	166,220	166,220	0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	140	(4,055)	(4,195)
FUND BALANCE, BEGINNING OF YEAR	33,095	33,095	0
FUND BALANCE, END OF YEAR	\$ 33,235	\$ 29,040	\$ (4,195)

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 SALES TAX BONDS DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1999

EXHIBIT H-4

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Interest	\$ 17,630	\$ 18,107	\$ 477
EXPENDITURES - DEBT SERVICE			
Principal retirement	220,000	220,000	0
Interest and fiscal charges	113,350	113,347	3
Total Expenditures	333,350	333,347	3
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(315,720)	(315,240)	480
OTHER FINANCING SOURCES			
Operating transfers in Sales Tax Fund	333,000	393,000	60,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	17,280	77,760	60,480
FUND BALANCE, BEGINNING OF YEAR	538,946	538,946	0
FUND BALANCE, END OF YEAR	\$ 556,226	\$ 616,706	\$ 60,480

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 CERTIFICATES OF INDEBTEDNESS DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1999

EXHIBIT H-5

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Interest	\$ 1,030	\$ 1,753	\$ 723
EXPENDITURES - DEBT SERVICE			
Principal retirement	60,000	65,000	(5,000)
Interest and fiscal charges	35,700	32,100	3,600
Total Expenditures	95,700	97,100	(1,400)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,670)	(95,347)	(677)
OTHER FINANCING SOURCES			
Operating transfers in General Fund	95,000	97,100	2,100
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	330	1,753	1,423
FUND BALANCE, BEGINNING OF YEAR	50,393	50,393	0
FUND BALANCE, END OF YEAR	\$ 50,723	\$ 52,146	\$ 1,423

The accompanying notes are an integral part of the financial statements.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital additions, other than those financed by proprietary funds.

AIRPORT CONSTRUCTION FUND was used to account for construction of improvements at the airport. Funding was provided primarily by federal and state grants. The project was completed during the year ended June 30, 1998.

INDUSTRIAL PARK INFRASTRUCTURE CONSTRUCTION FUND was used to account for construction of the infrastructure at the North Industrial Park. Funding is provided primarily by federal economic development grants and by proceeds from the Certificates of Indebtedness, Series - 1995.

INDUSTRIAL PARK BUILDINGS CONSTRUCTION FUND is used to account for construction of buildings at the North Industrial Park. Funding is provided primarily by a state economic development grant of \$700,000.

LCDBG CAPITAL PROJECTS FUND is used to account for the proceeds of an LCDBG grant for the construction of certain sewer improvements. In accordance with LCDBG requirements, the grant is shown in a separate capital projects fund. The improvements were also recorded as contributed capital in the Sewer System Enterprise Fund.

CITY OF LEESVILLE, LOUISIANA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1999

EXHIBIT I-1

ASSETS	AIRPORT CONSTRUCTION	INDUSTRIAL PARK INFRASTRUCTURE CONSTRUCTION	INDUSTRIAL PARK BUILDINGS CONSTRUCTION	LCDBG CAPITAL PROJECTS	TOTAL
Cash	\$ 29,953	\$ 3,047	\$	\$ 2,152	\$ 35,152
Due from other governments					
Federal					
State			38,069	294,874	294,874
Due from other funds					38,069
Economic Development Special Revenue Fund				43,511	43,511
TOTAL ASSETS	\$ 29,953	\$ 3,047	\$ 38,069	\$ 340,537	\$ 411,606
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Cash overdraft					\$ 114,639
Accounts and contracts payable		2,781	123,219	340,537	466,537
Deferred revenue	29,953				29,953
Total Liabilities	29,953	2,781	237,858	340,537	611,129
FUND BALANCES (DEFICIT)					
Unreserved - undesignated		266	(199,789)		(199,523)
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,953	\$ 3,047	\$ 38,069	\$ 340,537	\$ 411,606

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES (ACCUMULATED DEFICIT)
 YEAR ENDED JUNE 30, 1999

EXHIBIT I-2

REVENUES	AIRPORT CONSTRUCTION	INDUSTRIAL PARK INFRASTRUCTURE CONSTRUCTION	INDUSTRIAL PARK BUILDINGS CONSTRUCTION	LCDBG CAPITAL PROJECTS	TOTAL
Intergovernmental					
Federal					
State	\$	\$	\$	\$	\$
Interest	<u>0</u>	<u>273</u>	<u>407,523</u>	<u>744,874</u>	<u>744,874</u>
Total Revenues		<u>273</u>	<u>407,523</u>	<u>744,874</u>	<u>1,152,670</u>
EXPENDITURES					
Current					
General government		7			7
Capital Outlay					
Sewer system improvements				941,058	941,058
Economic development			456,138	456,138	456,138
Total Expenditures	<u>0</u>	<u>7</u>	<u>456,138</u>	<u>941,058</u>	<u>1,397,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	266	(48,615)	(196,184)	(244,533)
OTHER FINANCING SOURCES					
Operating transfers in					
Economic Development Special Revenue Fund				196,184	196,184
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	0	266	(48,615)	0	(48,349)
FUND BALANCE (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>(151,174)</u>	<u>0</u>	<u>(151,174)</u>
FUND BALANCE (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 0</u>	<u>\$ 266</u>	<u>\$ (199,789)</u>	<u>\$ 0</u>	<u>\$ (199,523)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
INDUSTRIAL PARK BUILDINGS CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (ACCUMULATED DEFICIT)
YEAR ENDED JUNE 30, 1999

EXHIBIT I-3

REVENUES	
Intergovernmental - state	\$ 407,523
EXPENDITURES - CAPITAL OUTLAY	
Economic Development - Buildings	
Engineering	42,221
Construction	410,305
Other costs	3,612
Total Expenditures	<u>456,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,615)
FUND BALANCE (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>(151,174)</u>
FUND BALANCE (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ (199,789)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
 LCDBG CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 1999

EXHIBIT I-4

REVENUES	
Intergovernmental - federal	\$ 744,874
EXPENDITURES - CAPITAL OUTLAY	
Sewer System Improvements	
Engineering	79,470
Construction	837,358
Administration	24,230
Total Expenditures	<u>941,058</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(196,184)
OTHER FINANCING SOURCES	
Operating transfers in	
Economic Development Special Revenue Fund	<u>196,184</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	0
FUND BALANCE, BEGINNING OF YEAR	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

SEWER SYSTEM FUND is used to account for the sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

WATER SYSTEM FUND is used to account for water services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF LEESVILLE, LOUISIANA
 ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1999

EXHIBIT J-1
 (Continued)

	<u>SEWER SYSTEM</u>	<u>WATER SYSTEM</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 145,582	\$ 31,063	\$ 176,645
Accounts receivable (Net of allowance for doubtful accounts)	66,861	130,717	197,578
Due from other funds			
General Fund	50,480		50,480
Water System Enterprise Fund	311,909		311,909
Total Current Assets	<u>574,832</u>	<u>161,780</u>	<u>736,612</u>
RESTRICTED ASSETS			
Revenue bond debt service accounts		30,921	30,921
Construction account	60,231		60,231
General obligation bonds debt service accounts	198,598		198,598
Certificate of indebtedness debt service accounts		71,037	71,037
Total Restricted Assets	<u>258,829</u>	<u>101,958</u>	<u>360,787</u>
PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	10,805,997	6,384,854	17,190,851
Accumulated depreciation	<u>(1,864,743)</u>	<u>(2,541,679)</u>	<u>(4,406,422)</u>
Net Property, Plant and Equipment	8,941,254	3,843,175	12,784,429
OTHER ASSETS			
Bond issuance costs - net	54,574		54,574
Certificate of indebtedness issuance costs - net	6,096	3,106	9,202
Total Other Assets	<u>60,670</u>	<u>3,106</u>	<u>63,776</u>
TOTAL ASSETS	<u>\$ 9,835,585</u>	<u>\$ 4,110,019</u>	<u>\$ 13,945,604</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999

EXHIBIT J-1
(Concluded)

	<u>SEWER SYSTEM</u>	<u>WATER SYSTEM</u>	<u>TOTAL</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES (Payable from Current Assets)			
Bonds and certificates of indebtedness payable - net	\$ 61,402	\$ 164,042	\$ 225,444
Capitalized leases	4,571	13,085	17,656
Accounts payable	10,951	11,027	21,978
Other current liabilities		2,102	2,102
Accrued expenses	51,248	30,969	82,217
Customers' deposits		166,594	166,594
Due to other funds			
General Fund		74,914	74,914
Sales Tax Special Revenue Fund		95,000	95,000
Sewer System Enterprise Fund		311,909	311,909
Totals	<u>128,172</u>	<u>869,642</u>	<u>997,814</u>
CURRENT LIABILITIES (Payable from Restricted Assets)			
Payable from revenue bond debt service accounts			
Revenue bonds		30,921	30,921
General obligation bonds debt service accounts			
General obligation bonds	198,598		198,598
Payable from certificate of indebtedness debt service account			
Certificate of indebtedness		71,037	71,037
Totals	<u>198,598</u>	<u>101,958</u>	<u>300,556</u>
Total Current Liabilities	<u>326,770</u>	<u>971,600</u>	<u>1,298,370</u>
NONCURRENT LIABILITIES			
Revenue bonds		562,597	562,597
General obligation bonds	3,920,000		3,920,000
Certificates of indebtedness	425,000	430,000	855,000
Capitalized leases	11,500	27,361	38,861
Total Noncurrent Liabilities	<u>4,356,500</u>	<u>1,019,958</u>	<u>5,376,458</u>
Total Liabilities	<u>4,683,270</u>	<u>1,991,558</u>	<u>6,674,828</u>
EQUITY			
Contributed capital	3,935,065	2,390,211	6,325,276
Retained earnings (Accumulated Deficit)			
Reserved for construction	60,231		60,231
Unreserved	1,157,019	(271,750)	885,269
Total Retained Earnings (Accumulated Deficit)	<u>1,217,250</u>	<u>(271,750)</u>	<u>945,500</u>
Total Equity	<u>5,152,315</u>	<u>2,118,461</u>	<u>7,270,776</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 9,835,585</u>	<u>\$ 4,110,019</u>	<u>\$ 13,945,604</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
YEAR ENDED JUNE 30, 1999

EXHIBIT J-2

	<u>SEWER SYSTEM</u>	<u>WATER SYSTEM</u>	<u>TOTAL</u>
OPERATING REVENUE			
Charges for services	\$ 462,777	\$ 1,098,101	\$ 1,560,878
OPERATING EXPENSES			
Salaries	93,207	176,159	269,366
Payroll taxes	6,713	12,897	19,610
Retirement	7,315	11,153	18,468
Operating supplies	18,107	22,802	40,909
Gas and oil	4,188	5,885	10,073
Utilities and telephone	71,068	97,056	168,124
Sludge disposal	10,222		10,222
Depreciation	234,841	254,763	489,604
Repairs and maintenance	22,307	38,889	61,196
Testing	17,419		17,419
Professional fees	5,000	5,000	10,000
Provision for doubtful accounts	8,824	19,332	28,156
Office expense	3,000	6,941	9,941
Insurance	24,961	50,719	75,680
Other	27,261	787	28,048
Total Operating Expenses	<u>554,433</u>	<u>702,383</u>	<u>1,256,816</u>
OPERATING INCOME	(91,656)	395,718	304,062
NONOPERATING REVENUES (EXPENSES)			
Ad valorem taxes	318,879		318,879
Interest revenue	5,430	299	5,729
Interest expense and fiscal charges	<u>(134,642)</u>	<u>(112,653)</u>	<u>(247,295)</u>
Total Nonoperating Revenues (Expenses)	<u>189,667</u>	<u>(112,354)</u>	<u>77,313</u>
INCOME BEFORE OPERATING TRANSFERS	98,011	283,364	381,375
OPERATING TRANSFERS (OUT)			
General Fund	<u>(200,000)</u>	<u>(250,000)</u>	<u>(450,000)</u>
NET INCOME (LOSS)	(101,989)	33,364	(68,625)
RETAINED EARNINGS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>1,319,239</u>	<u>(305,114)</u>	<u>1,014,125</u>
RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 1,217,250</u>	<u>\$ (271,750)</u>	<u>\$ 945,500</u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999

EXHIBIT J-3

	SEWER SYSTEM	WATER SYSTEM	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (91,658)	\$ 395,718	\$ 304,060
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	234,841	254,763	489,604
Provision for doubtful accounts	8,824	19,332	28,156
Changes in assets and liabilities			
Accounts receivable	6,523	20,226	26,749
Due from other funds	121,992		121,992
Accounts payable	(3,380)	(4,348)	(7,728)
Other current liabilities		(784)	(784)
Accrued expenses	1,562	(3,609)	(2,047)
Due to other funds		17,503	17,503
Customers' deposits		(11,091)	(11,091)
Net Cash Provided by Operating Activities	278,704	687,710	966,414
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers out	(200,000)	(250,000)	(450,000)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Proceeds from capital lease		11,076	11,076
Ad valorem taxes	318,048		318,048
Contributions in aid of construction	952,827		952,827
Acquisition and construction of property, plant and equipment	(969,749)	(11,076)	(980,825)
Payments of bonds and other indebtedness	(249,468)	(267,710)	(517,178)
Interest paid on long-term debt	(126,965)	(91,218)	(218,183)
Net Cash Used by Capital Financing Activities	(75,307)	(358,928)	(434,235)
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption (purchase) of investments	114,978		114,978
Interest received	6,580	299	6,879
Net Cash Provided by Investing Activities	121,558	299	121,857
INCREASE (DECREASE) IN CASH	124,955	79,081	204,036
CASH, BEGINNING OF YEAR	258,059	53,940	311,999
CASH, END OF YEAR	\$ 383,014	\$ 133,021	\$ 516,035
CLASSIFIED AS			
Current assets	\$ 145,582	\$ 31,063	\$ 176,645
Restricted assets	237,432	101,958	339,390
TOTALS	\$ 383,014	\$ 133,021	\$ 516,035

The accompanying notes are an integral part of the financial statements.

INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis.

EMPLOYEE BENEFITS INSURANCE FUND is used to account for the provision of hospitalization/health insurance to employees of the City. A defined amount is self insured and provision is made for excess coverage through premiums paid to a third party. In addition, certain life insurance is provided for employees through premiums paid to a third party insurance carrier.

CITY OF LEESVILLE, LOUISIANA
INTERNAL SERVICE FUND
EMPLOYEE BENEFITS INSURANCE FUND
June 30, 1999

EXHIBIT K-1

ASSETS	
CURRENT ASSETS	
Cash	\$ 155,705
Claims receivable	4,979
Total Current Assets	<u>160,684</u>
 OTHER ASSETS	
Deposit	<u>2,680</u>
 TOTAL ASSETS	 <u><u>\$ 163,364</u></u>
 LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Claims payable	\$ 77,166
 EQUITY	
Retained earnings	
Reserved for employee benefits	<u>86,198</u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>\$ 163,364</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
INTERNAL SERVICE FUND
EMPLOYEE BENEFITS INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1999

EXHIBIT K-2

OPERATING REVENUES

Charges for services	
Employer and employee contributions	\$ 337,290
Other	
Stop loss reimbursements	9,233
Miscellaneous	7,519
Total Operating Revenues	<u>354,042</u>

OPERATING EXPENSES

Insurance premiums	
Hospitalization/health	57,540
Life	4,029
Claims paid	322,051
Administrative costs	26,300
Total Operating Expenses	<u>409,920</u>

NET LOSS	(55,878)
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RETAINED EARNINGS, BEGINNING OF YEAR	<u>142,076</u>
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RETAINED EARNINGS, END OF YEAR	<u><u>\$ 86,198</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
INTERNAL SERVICE FUND
EMPLOYEE BENEFITS INSURANCE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1999

EXHIBIT K-3

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (55,878)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Changes in assets and liabilities	
Claims receivable	(3,056)
Claims payable	59,041
Net Cash Provided by Operating Activities	<u>107</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0
CASH FLOWS FROM INVESTING ACTIVITIES	<u>0</u>
INCREASE IN CASH	107
CASH, BEGINNING OF YEAR	<u>155,598</u>
CASH, END OF YEAR	<u>\$ 155,705</u>

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for fixed assets other than those used in the proprietary funds.

CITY OF LEESVILLE, LOUISIANA
 STATEMENT OF GENERAL FIXED ASSETS
 JUNE 30, 1999

EXHIBIT L-1

GENERAL FIXED ASSETS		
Land	\$	328,696
Buildings		4,879,077
Improvements other than buildings		16,104,468
Equipment		2,846,137
Construction in progress		<u>541,165</u>
 TOTAL GENERAL FIXED ASSETS	 \$	 <u><u>24,699,543</u></u>
 INVESTMENT IN GENERAL FIXED ASSETS	 \$	 6,677,289
General Fund revenues		4,415,527
Sales Tax revenues		179,409
E911 Communications District revenues		10,372,326
Federal and state grants		<u>3,054,992</u>
General public contributions		<u>3,054,992</u>
 TOTAL INVESTMENT IN GENERAL FIXED ASSETS	 \$	 <u><u>24,699,543</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF LEESVILLE, LOUISIANA
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
YEAR ENDED JUNE 30, 1999

EXHIBIT L-2

	<u>LAND</u>	<u>BUILDINGS</u>	<u>OTHER IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
GENERAL FIXED ASSETS, BEGINNING OF YEAR	\$ 328,696	\$ 4,870,717	\$ 16,104,468	\$ 2,782,867	\$ 85,026	\$ 24,171,774
ADDITIONS						
General Fund revenues		8,360		16,395	48,616	73,371
Sales Tax revenues				1,500		1,500
E911 Communications District revenues				36,041		36,041
Federal and state grants				9,334	407,523	416,857
Total Additions	<u>0</u>	<u>8,360</u>	<u>0</u>	<u>63,270</u>	<u>456,139</u>	<u>527,769</u>
GENERAL FIXED ASSETS, END OF YEAR	\$ <u>328,696</u>	\$ <u>4,879,077</u>	\$ <u>16,104,468</u>	\$ <u>2,846,137</u>	\$ <u>541,165</u>	\$ <u>24,699,543</u>

The accompanying notes are an integral part of the financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

This account group accounts for long-term debt not recorded in any other fund.

CITY OF LEESVILLE, LOUISIANA
 COMBINING STATEMENT OF GENERAL LONG-TERM DEBT
 JUNE 30, 1999

EXHIBIT M-1

AMOUNT AVAILABLE AND TO BE PROVIDED
 FOR THE PAYMENT OF GENERAL LONG-
 TERM DEBT

Amount available in Debt Service								
Funds for debt retirement	\$ 29,040	\$ 616,706	\$ 52,146	\$	\$	\$	\$	\$ 697,892
Amount to be provided for the retirement of general long- term debt principal from								
Ad valorem tax revenues	550,960							550,960
Sales tax revenues		1,358,294				64,535		1,422,829
General Fund revenues			417,854		596,321	123,757		1,137,932
	<u>\$ 580,000</u>	<u>\$ 1,975,000</u>	<u>\$ 470,000</u>	<u>\$ 596,321</u>	<u>\$ 188,292</u>	<u>\$ 3,809,613</u>		

TOTAL AVAILABLE AND TO BE PROVIDED

GENERAL LONG-TERM DEBT PAYABLE

Bonds payable	\$ 580,000	\$ 1,975,000	\$	\$	\$	\$ 2,555,000
Certificates of Indebtedness payable			470,000			470,000
Notes payable				527,740		527,740
Capitalized leases payable				68,581		68,581
Compensated absences payable					188,292	188,292
	<u>\$ 580,000</u>	<u>\$ 1,975,000</u>	<u>\$ 470,000</u>	<u>\$ 596,321</u>	<u>\$ 188,292</u>	<u>\$ 3,809,613</u>

TOTAL GENERAL LONG-TERM DEBT PAYABLE

The accompanying notes are an integral part of the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF LEESVILLE, LOUISIANA
REQUIRED SUPPLEMENTAL INFORMATION
YEAR 2000 SUPPLEMENTAL INFORMATION
JUNE 30, 1999**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the City's operations.

The City has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting City operations and has identified such systems as being financial reporting, payroll, water and sewer accounts receivable, and cash receipts. The City relies on a vendor to provide these systems and for assessment, remediation, testing, and validation of these systems as being Year 2000 compliant.

During the year ended June 30, 1998, the vendor assessed, remediated, tested, and validated the water and sewer accounts receivable and the cash receipts systems. As of June 30, 1999, the financial reporting and payroll systems were in the remediation phase. During the year ended June 30, 1998, the City entered into a capital lease for \$34, 580 with the vendor for upgrades of the above systems. No additional funds were committed to this project as of June 30, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management can not assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be Year 2000 ready.

ADDITIONAL INFORMATION

CITY OF LEESVILLE, LOUISIANA
 UNAUDITED SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 1999

Schedule 1
 (Continued)

<u>INSURER</u>	<u>EXPIRATION DATE</u>	<u>COVERAGE</u>	<u>PROPERTY COVERED</u>	<u>LIMITS</u>
National Union Fire Insurance Company of Pittsburgh, PA	05/01/2000	Automobile Liability	Owned, hired, non-owned	\$ 500,000 CSL BI & PD
		Comprehensive & Collision	7 schedule units	ACV-\$1,000 deductible
		Public Officials and Employees Liability	Each Wrongful Act or Series Aggregate Deductible amount	\$500,000 \$500,000 \$5,000
National Union Fire Insurance Company of Louisiana	05/01/2000	Commercial General Liability	General Aggregate Limit (other than prod-comp operations)	\$1,500,000
			Products - Completed operations Aggregate limit	\$1,500,000
			Personal & Advertising Injury Limit	\$500,000
			Each Occurrence Limit	\$500,000
			Fire Damage Limit (any one) Medical expense limit (any one)	\$50,000 \$5,000
Massachusetts Bay Insurance Company	05/01/2000	Law Enforcement Professional Liability	Reported Each Wrongful Act Limit	\$500,000
			Aggregate Limit Deductible amount	\$500,000 \$5,000
	01/30/2000	Fire, lighting, and extended coverage	City owned buildings Deductible amount (80% coinsurance) Personal property	\$2,070,057 \$1,000 \$5,300
Employer Mutual Casualty Company	01/16/2000	Fire, lighting, and extended coverage	City owned buildings Personal property \$ 1,000 deductible	\$1,116,000 \$118,500 80% Coinsurance

See independent auditor's report.

CITY OF LEESVILLE, LOUISIANA
 UNAUDITED SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 1999

<u>INSURER</u>	<u>EXPIRATION DATE</u>	<u>COVERAGE</u>	<u>PROPERTY COVERED</u>	<u>LIMITS</u>
Western Surety Company Mayor Finance Director	06/30/1999	Public Officials		90,000 limit 100,000 limit
Old Republic Ins. Co.	01/14/2000	Airport Owners & Operators General Liability	Products - Completed Operations Aggregate Limit Personal Injury and Advertising Injury Aggregate Limit Malpractice Aggregate Limit Each Occurrence Limit Fire Damage Limit any one Fire Hangarkeepers Limit any one Occurrence Hangarkeepers Limit any one Aircraft	1,000,000 1,000,000 1,000,000 1,000,000 50,000 1,000,000 1,000,000
Louisiana Workmen's Compensation Corporation	12/31/1999	Worker's Compensation		Statutory
Allstate Insurance Company	12/22/1999	Commercial Property Water Treatment Plant	Buildings Deductible amount Personal property Deductible amount Aeration Basin Roaters	75,000 1,000 225,000 1,000 1,306,000
	02/27/2000	Equipment & Computer	Equipment \$500 deductible Computers \$500 deductible	140,989 90%Coinsurance 34,086

See independent auditor's report.

CITY OF LEESVILLE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1999

SCHEDULE 2

FEDERAL AGENCY/ PASS-THROUGH GRANTOR PROGRAM TITLE	CFDA NUMBER	AGENCY OR PASS-THROUGH GRANT NUMBER	TOTAL FEDERAL AWARD	FEDERAL AWARDS EXPENDED
U. S. Department of Housing and Urban Development				
Community Planning and Development				
Passed-through the State of Louisiana				
Division of Administration				
Community Development Block Grant - State's Program	14.228	107-800264	\$ 765,470	\$ 744,874
U. S. Department of Justice				
Office of Juvenile Justice and Delinquency Prevention				
Passed-through the State of Louisiana				
Commission on Law Enforcement				
Juvenile Community Service Program	16.540	98-J3-J.3-0219	2,420	811
Bureau of Justice Assistance				
Direct				
Local Law Enforcement Block Grants Program	16.592	97-LB-VX-2454	23,672	8,867
Local Law Enforcement Block Grants Program	16.592	98-LB-VX-2455	21,716	15,327
Program Totals			<u>45,388</u>	<u>24,194</u>
Passed-through the State of Louisiana				
Commission on Law Enforcement				
Byrne Formula Grant Program -				
Street Sales Disruption Program	16.579	97-B3-B.07-0041	16,881	1,091
Street Sales Disruption Program	16.579	98-B3-B.07-0074	17,151	7,882
Program Totals			<u>34,032</u>	<u>8,973</u>
Violence Against Women Grants Office				
Passed-through the State of Louisiana				
Commission on Law Enforcement				
Violence Against Women Formula Grants				
Domestic Violence Network	16.588	97-M3-M.04-0412	4,500	3,887
Office of Community Oriented Policing Services				
Direct				
Public Safety Partnerships and Community Policing Grants -				
COPS Universal Hiring Award	16.710	97UMWX0625	49,238	16,669
Agency Totals			<u>135,578</u>	<u>54,534</u>
U. S. Department of Transportation				
National Highway Traffic Safety Administration				
Passed-through the State of Louisiana				
Highway Safety Commission				
Safe and Sober Overtime Campaign	20.601	9990-24	2,195	981
Totals			<u>\$ 903,243</u>	<u>\$ 800,389</u>

Notes:

The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting. Note 1 to the financial statements provides additional information relative to the City's accounting policies.

No federal funds were awarded to subrecipients during the year ended June 30, 1999.

See independent auditor's report.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT, COMBINING,
INDIVIDUAL FUND, AND ACCOUNT GROUP FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT, COMBINING INDIVIDUAL FUND, AND ACCOUNT GROUP FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Jim Shapkoff, Jr., Mayor and Members of the City Council City of Leesville, Louisiana

We have audited the primary government financial statements and the combining, individual fund, and account group financial statements of the City of Leesville, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 16, 1999. In our report, our opinion was qualified because the financial statements of the General Fixed Assets account group include only assets acquired subsequent to 1971.

Except as discussed in the above paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs as Finding 99-01 through Finding 99-03.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Leesville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as Finding 99-04 through 99-05.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions listed above, we consider Finding 99-04 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Leesville, Louisiana, in a separate letter, entitled *Other Comments and Recommendations*, dated December 16, 1999.



PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

This report is intended for the information of the Mayor, members of the City Council and management of the City of Leesville, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be used by anyone other than these specified parties.

Payne, Moore & Herrington, LLP
Certified Public Accountants

December 16, 1999

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

Compliance

We have audited the compliance of the City of Leesville, Louisiana, with the types of compliance requirements described in the *U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of management of the City of Leesville, Louisiana. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Leesville, Louisiana's compliance with those requirements.

In our opinion, the City of Leesville, Louisiana, complied in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the City of Leesville, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Leesville, Louisiana's

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor, members of the City Council and management of the City of Leesville, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Payne, Moore & Herrington, LLP
Certified Public Accountants

December 16, 1999

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reportable conditions(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Reportable conditions(s) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Identification of major program:

CFDA # 14.288 Community Development Block Grant – State's Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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<i>Memorandum of Other Comments and Recommendations:</i>	Attached
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<i>Management's Schedule of Prior Year Findings:</i>	Attached
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<i>Management's Corrective Action Plan:</i>	Attached
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**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS**

FINDING 99-01

COMPLIANCE WITH THE LOUISIANA LOCAL BUDGET ACT

Criteria: It is our understanding that, except for the exemptions provided in the statutes, budget amendments are required when actual expenditures exceed budgeted expenditures by 5% or more.

Condition: We found that actual expenditures exceeded budgeted expenditures in the Sales Tax Special Revenue Fund by more than 5%.

Cause: Certain year-end journal entries prepared as a result of our engagement, which were not taken into account by management as part of their year-end budget review, resulted in actual expenditures exceeding budgeted expenditures by more than 5% in the Sales Tax Special Revenue Funds.

Recommendation: We recommend that the budget amendment process include consideration of all facts and circumstances.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-02

COMPLIANCE WITH ASSET MANAGEMENT LAWS

Criteria: It is our understanding that the Louisiana Revised Statutes require the City to maintain records of all fixed assets which were purchased or otherwise acquired, and for which the City is accountable. The records should include the date of purchase, the initial cost, the disposition, if applicable, the purpose of such disposition, and the recipient of the disposed property. In addition, federal regulations may require that additional information be maintained on property acquired with federal funds.

Condition: Records of general fixed assets acquired prior to 1972 were not maintained. Records of fixed assets acquired subsequent to 1971 do not always contain all of the required information.

Recommendation: We understand that the City has an on-going project to bring the City's fixed asset records into compliance with these requirements. We continue to recommend that the City complete this project as soon as possible.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-03

COMPLIANCE WITH BOND INDENTURES

Criteria: Various indentures for bonds and certificates of indebtedness require the City to establish and maintain sinking funds and, in some cases, contingency funds; specify that sinking funds and contingency funds be fully funded prior to using any remaining funds for other purposes; and that ad valorem taxes dedicated to the payment of the bonds not be used for other purposes.

Conditions:

General Obligation Bonds, Series 1995 of the City of Leesville and

General Obligation Bonds, Series 1995 of Sewer District No. 3 of the City:

Section 5.1 of the indentures provides that ad valorem taxes collected for the payment of these bonds

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

shall be used solely to pay principal and interest on the bonds. However, during the year ended June 30, 1999, ad valorem taxes in the amount of \$117,271 were transferred from the sinking fund to operations. In addition, funds were not transferred to the Sewer System Renewal and Replacement Fund in accordance with Section 5.2 of the agreement.

Certificate of Indebtedness, Series 1994:

Monthly transfers to the sinking fund as required by the agreement were not made. Periodic lump-sum transfers were made to the sinking fund. At June 30, 1999, actual transfers were \$89,857 less than the amount required by the bond indentures.

Water System Refunding Bonds, Series 1998:

Monthly transfers to the sinking fund as required by the covenants were not made. Periodic lump sum transfers were made to the sinking fund and, at June 30, 1999, the sinking fund was fully funded. Monthly transfers to the contingency fund were not made as required by the covenants. At year-end, transfers to the contingency fund were \$5,962 less than the amount required by the bond indentures. Operating transfers were made to the General Fund prior to funding the above sinking and contingency funds.

Sales Tax Revenue Bonds:

Transfers were not made each month to the sinking fund as required by the indentures. Periodic lump sum transfers were made resulting in the sinking fund being under funded for a period of six months during the fiscal year. The sinking fund was fully funded at year-end. Operating transfers were made to other funds prior to funding the sinking fund.

Cause: Discussion with management indicates that the above violations were due to periodic cash flow problems.

Recommendation: We recommend that the City comply with the requirements of the indentures or agreements for the various bonds and certificates of indebtedness.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-04

WATER AND SEWER BILLING AND COLLECTION PROCEDURES

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Conditions: We noted a number of deficiencies in the water and sewer billing and collection procedures that are summarized, along with related suggestions for improvements, below:

Transactions not recorded in the general ledger:

Conditions: We found that a number of transactions were not recorded in the general ledger resulting in a material difference between the amounts recorded in the general ledger and indicated balances. Considerable audit time was required to recreate the missing information. Missing documentation required to be recreated included the March, 1999 billing register, two penalty registers (January, 1999 and June,

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

1999), and an adjustment register for October, 1998. Without these missing reports, the bookkeeper was unable to record complete information in the general ledger to properly reflect billing and collection transactions. Discussion with client personnel indicated that some of the necessary reports may not have been printed, were printed but not retained, or printed and misfiled with office personnel unable to subsequently locate these documents.

Recommendations: We recommend that a procedures manual be developed for use by the billing clerk. The manual should indicate when certain procedures should be run, when reports should be generated and furnished to the bookkeeper, and how and where reports should be filed for future reference. Also, the billing clerk should not close out a month until the bookkeeper informs the billing clerk that she has received all information necessary to record that month's transactions into the general ledger. Also, management should consult with the software vendor about the feasibility of software providing an automatic interface of all or most transactions into the general ledger.

Adjustments to Customer Accounts:

Conditions: We found that a number of adjustments to customer accounts were recorded as if the transactions were cash receipts. The program to record cash receipts is also the same program used to record adjustments except that a block must be checked to indicate that the transaction is an adjustment instead of a cash receipt. Discussion with client personnel indicated that the new billing clerk was unaware that this block needed to be checked. Subsequently, she learned of this block and began using it to indicate an adjustment.

We selected adjustments to customer accounts for the month of June to test the new adjustment procedures implemented late in the fiscal year. A total of 70 adjustments was selected for testing with the following findings:

The new procedures require the approval of both the revenue collector and the city clerk. Two of the adjustments were only signed as approved by only the revenue collector. Three of the adjustments were signed as approved by only the city clerk.

The new procedures require that the adjustment form be stamped "posted" and dated when posted to the subsidiary by the billing clerk. Two of the adjustments were not stamped "posted" or dated as required.

The new procedures require that adequate explanation for the adjustment be provided on the form or attached. Two of the adjustments did not have adequate documentation to support the adjustment.

The new procedures require that the calculation of the adjustment be shown on the adjustment form or attached. Twelve of the adjustments did not include the calculation of the adjustment.

We also noted that the adjustment forms were not numbered. Discussion with client personnel indicated that the adjustments are not reconciled to the adjustment register.

Recommendations: We recommend that adopted procedures be followed. We also recommend that the adjustment form be prenumbered and that the billing clerk account for all forms. All adjustments should be reconciled to the adjustments register to ensure that the adjustments are correctly posted.

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

Customer payment agreements:

Conditions: Late in the fiscal year, the Council adopted new procedures for granting installment payment agreements to customers with delinquent accounts. We selected a sample of twelve payment agreements to test compliance with the new procedures. Our findings are summarized below:

- The procedures require that the payment agreement be signed by both the revenue collector and the city clerk to indicate approval. Seven of the agreements were only signed as approved by the revenue collector.
- The policy adopted by the Council requires that payments in accordance with the agreement be strictly enforced. A missed payment or other violation of the agreement would require that the entire balance be immediately paid in order to continue to receive service. Customers violated the terms of seven out of the twelve agreements tested and continued to receive service without having to pay the past-due balance.
- One of the agreements tested was for payment of the customer's deposit over a period of four months. The code of ordinances does not provide for payment of the deposit over a period of time. However, discussion with the city clerk indicated that allowing installment payments for the customer's deposit in cases of hardship was a long standing policy of the city.

Recommendations: We recommend that the Council's policies in regards to delinquent account payment agreements be enforced. We also recommend that the Council either amend the code or ordinances to allow customer deposits to be paid in installments or discontinue the present policy of allowing installment payments.

Incorrect rate codes:

Conditions: In our testing we located one new account created with an outside water rate code and an inside sewer code. Additional testing indicated that the account was within the City's corporate limits and should have inside rate codes for both services.

Recommendations: The account codes for new accounts and all other new account information should be verified by a supervisor for accuracy when a new account is created. In addition, since this is not the first time that we have located incorrect rate codes, we recommend that all accounts be reviewed for correct rate codes.

Filing system:

Condition: Client personnel were unable to locate certain documents that we requested relating to water and sewer billings and collections during the course of our audit. We found the filing system is very disorganized and haphazard.

Recommendation: We recommend that a comprehensive filing system be developed and implemented to facilitate locating documents.

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

Training, supervision, and separation of duties:

Conditions: The new billing clerk (the last of three during the fiscal year ended June 30, 1999) was not properly trained on the use of the system, and she did not receive adequate supervision from her supervisor, the revenue collector.

Recommendations: We understand that, subsequent to June 30, 1999, the billing clerk attended classes provided by the software provider on the use of the system. We recommend that supervision of the billing clerk be transferred from the revenue collector to the bookkeeper to separate the collection of accounts receivable from the accounting for accounts receivable.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-05

FILING OF OTHER SUPPORTING DOCUMENTATION

The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. A filing system that permits the location of the documentation of transactions is an integral part of internal controls.

Condition: During the audit, client personnel were unable to locate supporting documentation for a number of transactions in addition to those discussed in Finding 99-04. This supporting documentation included the 1998 supplemental tax roll; sales tax collection reports for the months of January, 1999 and June, 1999; supporting documentation of water and sewer refunds for September, 1998; and two routine disbursements for the purchase of postage for mailing water and sewer bills. Discussion with client personnel indicates that the responsibility for these documents falls under the revenue collector.

Recommendation: We recommend that a comprehensive records management system be developed to ensure that the supporting documentation for all transactions can be located by client personnel.

Management's Response: See Management's Corrective Action Plan.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None reported.

OTHER COMMENTS AND RECOMMENDATIONS



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

OTHER COMMENTS AND RECOMMENDATIONS

The Honorable Jim Shapkoff, Jr., Mayor
And Members of the City Council
City of Leesville, Louisiana

In planning and performing our audit of the primary government financial statements and the combining, individual fund and account group financial statements of the City of Leesville, as of and for the year ended June 30, 1999, we considered the City's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls, operating efficiency, and compliance. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report, dated December 16, 1999, contains our report on reportable conditions in the City's internal controls. This letter does not affect our report, dated December 16, 1999, on the primary government financial statements and the combining, individual fund, and account group financial statements of the City of Leesville, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management personnel, and we will be pleased to discuss them in detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Handwritten signature: Payne Moore & Herrington, LLP
Certified Public Accountants

December 16, 1999

MARVIN A. JUNEAU, C.P.A.
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MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

FINDING 99-06

FORMS I-9

Criteria: Our understanding is that federal law requires a properly completed Form I-9, Employment Eligibility Verification, to be maintained for all employees hired after November 7, 1986.

Condition: Nine of the personnel files that we examined for employees hired after the above date either did not contain a Form I-9 or the form was not correctly completed.

Recommendation: We recommend that a properly completed Form I-9 be obtained from all new employees. We also recommend that all personnel files be reviewed and that properly completed Forms I-9 be obtained for all employees hired after November 7, 1986.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-07

SALES TAX PAID ON PURCHASES

Criteria: Municipal governments are exempt from the payment of sales taxes on purchases of goods and materials.

Condition: Our tests of invoices supporting purchases made by the City disclosed two instances where vendors applied sales taxes to the purchases of the City and these taxes were erroneously paid.

Recommendation: A memorandum should be forwarded to all departments as a reminder that the City is not subject to sales taxes. In addition, all invoices should be reviewed thoroughly prior to payment to ensure that sales tax is not paid on City purchases.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-08

DOCUMENTATION OF PUBLIC BIDS

Criteria: The City should maintain documentation that it complied with public bid law on all purchases requiring public bids.

Condition: The City purchased a 1999 Chevrolet Tahoe on March 9, 1999. The Council approved the purchase in the minutes. However, when we requested the bid file for the purchase to test compliance with public bid law, City personnel were unable to locate the file or any documentation of compliance with public bid law.

Recommendation: We recommend that all information verifying compliance with public bid law be retained and filed to facilitate its subsequent location.

Management's Response: See Management's Corrective Action Plan.

MEMORANDUM OF OTHER COMMENTS AND RECOMMENDATIONS

FINDING 99-09

CHANGE ORDERS

Criteria: All changes to construction contracts should be documented by a properly approved change order.

Condition: We found that a change order for \$42,160 was not presented to Council for approval on the Leesville Sewer Improvements Project prior to disbursement of the funds to the contractor. The only documentation that we were able to locate was a memorandum from the project engineer to the state oversight agency explaining the change and indicating the amount was paid from city funds rather than grant funds.

Recommendation: We recommend that change orders be prepared by the project engineer for all changes to construction contracts; that all such change orders be properly approved by Council; and that all such change orders be reviewed and approved by the City Attorney for compliance with bid law.

Management's Response: See Management's Corrective Action Plan.

FINDING 99-10

FUEL INVENTORY

Criteria: Perpetual inventory records should be reconciled to physical inventory records on regular basis.

Condition: At year end, the perpetual fuel inventory records indicated 2,756 gallons more than the actual physical fuel inventory. Discussion with client personnel indicated that after hours and week-end usage by the police and usage by all departments when the inventory clerk was absent was not logged.

Recommendation: We recommend that all fuel usage should be properly documented. Procedures should be developed to log fuel usage when the inventory clerk is not present. The inventory clerk may wish to take physical inventory readings before leaving in the evening and when arriving in the morning to determine after hours and weekend usage. A comparison to the usage log should be made and any discrepancies immediately investigated.

Management's Response: See Management's Corrective Action Plan.

MANGEMENT'S SCHEDULE OF PRIOR YEAR FINDINGS

**CITY OF LEESVILLE, LOUISIANA
MANAGEMENT'S SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 1999**

**SECTION I
FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS**

FINDING		CURRENT YEAR STATUS
98-01	Compliance with the Louisiana Local Government Budget Act	Partially Resolved See Finding 99-01
98-02	Compliance with Asset Management Laws	Unresolved See Finding 99-02
98-03	Compliance with Bond Indentures	Unresolved See Finding 99-03
98-04	Ad Valorem Tax Receipts	Resolved
98-05	Reporting Package Not Submitted Within Six Months	Resolved
98-06	Lack of Reconciliation of Subsidiaries to General Ledger Control Accounts	Partially Resolved See Finding 99-04
98-07	Reconciliation – Accounts Payable Bank Account	Resolved
98-08	Duplicate Payments of Invoices	Resolved

MANAGEMENT'S CORRECTIVE ACTION PLAN

**CITY OF LEESVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR END JUNE 30, 1999**

Adjustments to Customer Accounts: The City has adopted procedures to reconcile adjustments with the adjustment register and will also begin to use prenumbered adjustment forms for which the billing clerk will be accountable.

Customer Payment Agreements: The City will immediately begin strict enforcement of delinquent account payment agreements and plans to amend the code of ordinances to allow installment payments of deposits in extreme hardship cases only.

Incorrect Rate Codes: The City will implement a procedure to review all new account information upon creation of an account to eliminate billing at incorrect rates.

Filing System: The City will develop and implement a more comprehensive filing system.

Training, supervision, and separation of duties: The City has provided software training for the billing clerk and will initiate steps to separate the collection of accounts receivable from the accounting for accounts receivable.

FINDING 99-05

FILING OF OTHER SUPPORTING DOCUMENTATION

Response: The City will develop a more comprehensive filing system to ensure that supporting documentation for all transactions can be more easily located.

**SECTION III
OTHER COMMENTS AND RECOMMENDATIONS**

FINDING 99-06

FORMS I-9

Response: City personnel have been directed to properly complete an I-9 Form for each new employee hired and are currently in the process of reviewing all personnel files to ensure each contain a properly completed Form I-9 for all those employees hired after November 7, 1986.

FINDING 99-07

SALES TAX PAID ON PURCHASES

Response: City personnel have been instructed to carefully review all invoices prior to payment to ensure that no sales taxes are paid on City purchases.

**CITY OF LEESVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR END JUNE 30, 1999**

FINDING 99-08

DOCUMENTATION OF PUBLIC BIDS

Response: City personnel have been instructed to properly retain all information verifying compliance with public bid law and will properly maintain files on any additional documentation.

FINDING 99-09

CHANGE ORDERS

Response: The City will have Council approve all change orders to construction contracts and request the city attorney review each to ensure compliance with the public bid law.

FINDING 99-10

FUEL INVENTORY

Response: City personnel have implemented procedures to ensure that all fuel consumption is properly logged and have been instructed to take daily physical inventory readings of fuel for comparison to the usage log in order to detect any discrepancies.